

***United States Court of Appeals  
for the Second Circuit***



**APPENDIX**





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# No. 74-1757

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IN THE  
**United States Court of Appeals**  
FOR THE SECOND CIRCUIT

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Appeal No. 74-1757

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LEE PHARMACEUTICALS  
*Appellant*

v.

CERAMCO, INC.  
*Appellee*

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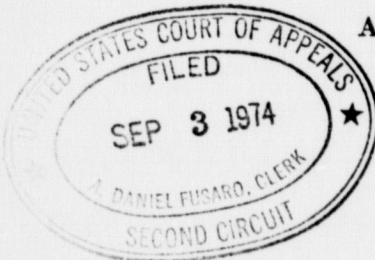
Appeal from the United States District Court  
for the Eastern District of New York

Mark A. Constantino, Judge

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APPENDIX

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MARTIN J. SPELLMAN, JR.  
*Attorney for Appellant*

PAGINATION AS IN ORIGINAL COPY

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## DOCKET ENTRIES

DATE	FILINGS—PROCEEDINGS
4-12-74	Complaint filed. Summons issued.
4-12-74	Clerk's order appointing individual to serve summons & complaint filed.
4-23-74	Summons returned and filed/executed.
4-23-74	By DOOLING, J.—Order to show cause dtd 4-12-74 for an order to enjoin deft from using the trademark GENIE, ret 4-26-74 at 9:30 A.M. with proof of service (annexed to summons) filed.
4-23-74	Memorandum of law in support of preliminary injunction filed.
4-26-74	Before COSTANTINO, J. — Case called — Order to show cause adjd to 4-30-74.
4-30-74	Motion of Lee Pharmaceuticals for an order to dismiss complaint of ground of lacking jurisdiction filed.
4-30-74	Affidavit of Thomas W. Towell, Jr. filed.
4-30-74	Pltff's memorandum of law filed.
4-30-74	Before COSTANTINO, J.—Case called. Motion to enjoin deft adjd to 5-9-74 at 10 A.M.
5-7-74	Deft's interrogatories 1 to 14 to pltff filed.
5-7-74	Deft's first request to produce filed.
5-7-74	Notice to take deposition of H. Gordon Pelton, et al filed.
5-9-74	Before COSTANTINO, J.—Case called for hearing on order to show cause to enjoin defts. Hearing ordered & begun. Hearing continued to 6-6-74 at 10 A.M.—All briefs by 5-16-74.
5-15-74	Stenographer's transcript of 4-26-74 filed.

DATE	FILINGS—PROCEEDINGS
5-15-74	Stenographer's transcript of 4-30-74 filed.
5-15-74	Stenographer's transcript of 5-9-74 filed.
5-20-74	Deft's memorandum in support of its Federal Civil Rule 12b motions filed.
5-20-74	Deft's interrogatories to plttf filed.
5-20-74	Deft's second request for production of documents filed.
5-21-74	Notice of Motion, ret. 5-30-74 filed re: for an order that the court conduct an evidentiary hearing upon the plttf's motion for a preliminary injunction, etc.
5-21-74	Deft's Memorandum in Support of Motion for Evidentiary hearing and for other relief filed.
5-21-74	Notice of Motion, ret. 5-30-74 filed re: that the firm of Rogers & Wells be disqualified from further participation in the litigation, etc.
5-21-74	Deft's Memorandum of Law in Support of above motion filed.
5-23-74	Plttf's memorandum in opposition to deft's motion to dismiss complaint filed.
5-23-74	Notices to take deposition of Culver Laboratories, Inc. and Wilkinson Company filed.
5-28-74	Notice of motion for an order striking deft's notice of deposition etc. ret. 5-9-74 and memorandum of law filed.
5-28-74	Plttf's memorandum in opposition to deft's rule 12b motion filed.
5-28-74	Notice of motion and memorandums of law in support of motion for an order staying all proceedings, ret. 6-6-74 at 9:30 A.M. filed.

DATE	FILINGS—PROCEEDINGS
5-28-74	Notice of motion and memorandum of law to consolidate preliminary injunction hearing ret. 6-6-74 filed.
5-29-74	Affidavit of Edward S. .ons filed.
5-29-74	Affidavit of Martin J. Spellman, Jr. filed.
5-30-74	Before COSTANTINO, J.—Case called—Deft's motion for an order that T. W. Towell & firm of Rogers & Wells be disqualified from further participation in litigation etc. denied. Deft'd motion for an order that court conduct evidentiary hearing etc. argued & adjd. to 6-20-74 @ 10:00 A.M.
5-31-74	Notice of Motion, ret. June 20, 1974 filed re: for a list of plttf's
5-31-74	Notice to take deposition of Wilkinson Co. filed.
5-31-74	By COSTANTINO, J.—Order dated 5-30-74 filed denying motion for T.R.O.
6-3-74	Notice of appeal filed. Duplicate mailed to C of A & plttf. jn
6-4-74	Stenographer's transcript dtd 5-30-74 filed.
6-6-74	Before COSTANTINO, J.—Case called—Deft's motion for discovery argued—Granted.
6-7-74	By COSTANTINO, J.—Order dtd 6-3-74 denying motion to dismiss complaint filed.
6-10-74	Notice of appeal filed. Duplicate mailed to C of A & plttf. jn
6-11-74	Stenographer's transcript of 6-6-74 filed.
6-12-74	Deft's notice to take deposition of Thos. W. Towell, Jr., & James W. Paul filed.
6-12-74	Deft's notice to take deposition of H. Gordon Pelton, James L. Sleining & John H. Leatherman filed.



DATE	FILINGS—PROCEEDINGS
6-12-74	Deft's notice to take deposition of D. Neustadt, Johnson & Johnson, Harold L. Warner & Michael J. Ryan, Jr. filed.
6-13-74	Notice to take deposition of Dr. Henry Lee filed.
6-14-74	Three amended notices of depositions filed.
6-17-74	ANSWER and counterclaim with demand for jury trial filed. Supplemental summons issued.
6-18-74	Notice to take deposition of Johnson & Johnson filed.
6-20-74	Before COSTANTINO, J. — Case called — Motion adjd to 7-22-74
6-21-74	Amended Notice of Deposition filed.
6-25-74	Notice of motion and memorandum of law for an order to produce ret 7-3-74 at 10 A.M. filed.
6-25-74	Notice of motion and memorandum of law for sanctions against pltff for failure to answer interrogatories ret 7-3-74 at 10 A.M. filed.
6-25-74	Notice of motion and memorandum of law to compel answers to interrogatories ret 7-3-74 at 10 A.M. filed.
6-26-74	By COSTANTINO, J.—Order to show cause dtd 6-25-74 and memorandum of law to vacate deposition by deft ret 7-1-74 at 9:30 A.M. with proof of service filed.
6-28-74	Affidavit in Opposition to Motion by Ceramco for Protective Order filed.
6-28-74	Deft's Memorandum in Opposition to Pltff's Motion under Rule 26 (c) (1) to vacate certain deposition notices filed.
7-1-74	Notice of Deposition of deft filed.

DATE	FILINGS—PROCEEDINGS
7-1-74	Deft's Memorandum in opposition to plttf's motion under Rule 26 to vacate certain deposition notices filed.
7-1-74	Supplemental submission in support of Notice of Motion of Lee Phar. under 37(a) thru (d) filed.
7-1-74	Affidavit in Opposition to motion by Ceramco for protective order filed.
7-1-74	Affidavit in Support of Motion by Martin J. Spellman filed.
7-1-74	Errata Sheet and substitute page 16 for def't's memorandum in opposition to plttf's motion under Rule 26(c) (1) to vacate certain deposition notices filed.
7-1-74	Supplement to def't's memorandum in opposition to plttf's motion to vacate certain deposition notices filed.
7-1-74	Before COSTANTINO, J.—Case called for hearing on order to show cause vacating depositions. Motion argued & denied.
7-2-74	Supplemental summons returned and filed/executed.
7-2-74	Notice to take deposition of Johnson & Johnson filed.
7-3-74	Amendment to answer and counterclaim filed. Second supplemental summons issued.
7-3-74	Order appointing for personal service of second supplemental summons filed.
7-3-74	Deft's affidavit pursuant to rule 9(f) filed.
7-3-74	Deft's notice of designation of record filed.
7-3-74	Reply of Ceramco, Inc. to Lee Pharmaceuticals counterclaim filed.

DATE	FILINGS—PROCEEDINGS
7-5-74	Notice of motion and memorandum of law for an order adding Johnson and Johnson as a party deft ret 7-11-74 at 10 a.m. filed.
7-5-74	Affidavit of Mary Helen Sears in support of motion to add party deft filed.
7-5-74	Notice of motion and memorandum of law to reconsider July 1, 1974 ruling ret 7-11-74 at 10 A.M. filed.
7-5-74	Notice to take deposition of Harold N. Culver filed.
7-5-74	Letter from Edward S. Irons to Judge Costantino dtd 4-23-74 filed.
7-5-74	Affidavit of Thomas W. Towell, Jr. filed.
7-5-74	Memorandum of law in opposition to deft's motion for an extension of time, etc. filed.
7-5-74	Response to deft's motion filed.
7-8-74	Second supplemental summons returned and filed/executed.
7-8-74	Notice to take deposition of Robert Fuller filed.
7-8-74	Notice to take deposition of Otis Richardson filed.
7-10-74	Amended notice to take deposition of James L. Senger filed.
7-10-74	Deft's further affidavit under local rule 9(g) filed.
7-11-74	Deft's answers to certain of plttf's interrogatories (15-55) filed.
7-11-74	Notice of motion for a protective order ret 7-11-74 filed.
7-11-74	Amended notice relative to deft's motions now scheduled for hearing 7-11-74 filed.
7-11-74	Notice to take deposition of Warren Herbstmann filed.

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DATE	FILINGS—PROCEEDINGS
7-11-74	Before COSTANTINO, J.—Case called for hearing on deft's motions to add Johnson & Johnson as party deft and for a reconsideration of ruling on 7-1-74. No appearances. Marked off.
7-12-74	Second supplemental affidavit of deft's counsel under local rule 9(f) filed.



**VERIFIED COMPLAINT**

filed April 12, 1974

Plaintiff, CERAMCO, INC., by its attorneys, Rogers & Wells, complaining of the defendant, respectfully alleges:

**AS AND FOR A FIRST CLAIM FOR RELIEF**

1. Plaintiff Ceramco, Inc. is a corporation duly organized and existing under the laws of the State of New York with its principal place of business in Long Island City, County of Queens, State of New York.

2. Upon information and belief, defendant Lee Pharmaceuticals is a corporation organized under the laws of California with its principal place of business in South El Monte, California, and is doing business in the State of New York.

3. This first claim for relief arises under the trademark laws of the United States, Title 15 U.S.C., and jurisdiction thereover is accordingly conferred upon this Court by 28 U.S.C. § 1338(a) and 15 U.S.C. § 1121.

4. For some years past, and at all times pertinent herein, plaintiff has been engaged in the sale of dental products used by dentists and dental laboratories in the construction and shading of dental porcelain bridgework. Over the years, Ceramco has acquired an outstanding reputation in the dental products field as the source of high quality products.

5. In April 1973, pursuant to a written contract, plaintiff acquired from Culver Laboratories, Inc. and the Wilkinson Company, all right, title and interest to a dental corrective composition product (hereinafter the "Corrective Composition") designed for use as corrective material for gold crowns, bridges and the like, including all

right, title and interest to the trademark GENIE used alone or in combination, including the names GOLD GENIE, CM GENIE and FIBER-METAL GENIE, and all the goodwill associated with said trademark.

6. The Corrective Composition consists of a powdered material (mostly 24 carat gold) and a mixing liquid and a mixing bowl. The powdered material and liquid are mixed together to form a thick putty which is used to fill up holes in ceramic gold alloys and also to extend margins. The product is an integral part of plaintiff's line of dental products and is presently sold in three different colors, under the trademark GOLD GENIE, CERAMIC METAL GENIE (Yellow Color) and CERAMIC METAL GENIE (Platinum Color).

7. The Corrective Composition has been continually in use and sold in interstate commerce under the trademark GENIE (used alone or in combination as aforesaid) since 1968.

8. Plaintiff, and its predecessors in rights, Culver and Wilkinson, have devoted substantial time, money and effort to the development of the goodwill inherent in the GENIE trademark for dental products as well as the establishment and maintenance of extremely high standards of quality for the Corrective Composition manufactured and sold under said trademark. The Corrective Composition has been nationally advertised under the GENIE trademark for many years past and continues to be so advertised by plaintiff, all for the purpose of creating and retaining goodwill and buyer identification and association of the trademark GENIE with plaintiff and its product. As a result of these efforts, the mark GENIE has become familiarly and favorably known in the trade as indicating a dental product originating with plaintiff.

9. Through the continuous use and advertising of the trademark GENIE, alone or in combination, the mark

has come to identify and is understood to identify, throughout the United States, plaintiff's product only and the word GENIE constitutes a trademark and marketing concept by which the goods of plaintiff are distinguished from other goods in the dental field. As a result, said trademark has acquired and now possesses an exceedingly good and valuable reputation and has become an exceedingly valuable and well-known symbol of plaintiff's goodwill.

10. Defendant has recently commenced distributing and selling, in interstate commerce under the trademark GENIE an orthodontic adhesive designed for use with metal and plastic orthodontic brackets. In advertising literature defendant has affixed the statement: "The term GENIE is a trademark of Lee Pharmaceuticals." In addition, on or about November 15, 1973, defendant filed an application in the United States Patent Office for trademark registration of the mark GENIE. In said application, defendant stated that its first use of the GENIE mark was May 23, 1973.

11. Upon information and belief, defendant's adoption and use of the trademark GENIE was with full knowledge of plaintiff's use of the trademark GENIE, and the fact that plaintiff is identified in the field as the seller of a high quality dental product under the trademark GENIE, and defendant's aforesaid acts have been committed with the intent of misleading purchasers and with the purpose of appropriating to itself the goodwill developed by plaintiff in the dental product field.

12. Defendant's use of plaintiff's trademark GENIE has caused and is likely to cause confusion and mislead purchasers in the dental trade, and create the erroneous impression that defendant's product is either manufactured or sponsored by plaintiff, or is distributed and sold with the consent or authority of plaintiff, or that the parties are otherwise associated, affiliated or related. De-

defendant's unlawful acts will damage the reputation and goodwill of the plaintiff.

13. Defendant's aforesaid acts constitute infringement of plaintiff's trademark GENIE; constitutes unfair competition with plaintiff; and casts a cloud over plaintiff's right to the exclusive and continued use and enjoyment of said trademark, and tends to dilute the value thereof, all to plaintiff's damage. Unless enjoined, defendant's continued use of the trademark GENIE will cause irreparable damage and injury to plaintiff's business and goodwill for which plaintiff has no adequate remedy at law.

14. Plaintiff has heretofore given written notice to defendant of its objection to the use by defendant of the trademark GENIE, but defendant continues to use the trademark and will continue to use the trademark unless enjoined.

15. By reason of the foregoing acts, defendant has deliberately and knowingly applied and continues to apply false and misleading markings, descriptions, and designations of origin to goods sold in interstate commerce, namely, the mark GENIE and to use this mark, description and designation with the intent to obtain an unfair share of plaintiff's business and market in the United States, to produce confusion in the public mind and to misappropriate plaintiff's trademark GENIE to its own use and benefit, all to the irreparable injury of plaintiff. This intentional and unlawful diversion of business also deprives plaintiff of sales and profit which it would otherwise have made and has damaged and will continue to damage plaintiff's reputation and goodwill, all in contravention of Section 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125(a).



### AS AND FOR A SECOND CLAIM FOR RELIEF

16. Plaintiff repeats and realleges the allegations set forth in paragraphs 1, 2 and 4 through 15 hereof with the same force and effect as if set forth herein at length.

17. The second claim for relief is one for unfair competition and trademark infringement as to which this Court has original jurisdiction under 28 U.S.C. § 1338 (b) and in addition has jurisdiction under 28 U.S.C. § 1332 in that this is an action between citizens of different states and the amount in controversy exceeds the sum of \$10,000 exclusive of interest and costs.

18. By reason of the foregoing acts, defendant has infringed, and is continuing to infringe plaintiff's valuable rights in the trademark GENIE, and is unfairly competing with plaintiff, to plaintiff's irreparable damage, and defendant will continue said acts unless restrained by this Court.

### AS AND FOR A THIRD CLAIM FOR RELIEF

19. Plaintiff repeats and realleges the allegations set forth in paragraphs 1, 2 and 4 through 15 and 17 hereof with the same force and effect as if set forth herein at length.

20. By reason of the foregoing acts, defendant has engaged in and continues to engage in deliberate and unlawful unfair competition, in contravention of the common law of the State of New York and in contravention of Section 368-d of the New York General Business Law.

WHEREFORE, plaintiff Ceramco, Inc. demands judgment against defendant Lee Pharmaceuticals, as follows:

(a) judgment against defendant temporarily and permanently restraining and enjoining it, its successors and assigns and all those acting in concert with it, form

directly or indirectly competing unfairly with plaintiff by the use of the trademark GENIE, or any other mark, name or style containing the word GENIE, or any other word confusingly similar to plaintiff's trademark;

(b) judgment against defendant temporarily and permanently restraining and enjoining it, its successors and assigns and all those acting in concert with it, from directly or indirectly infringing plaintiff's trademark GENIE by the use of the trademark GENIE, or any other mark, name or style containing the word GENIE, or any other word or style confusingly similar to plaintiff's trademark, in connection with the manufacture, distribution, promotion and sale of dental products in interstate commerce;

(c) directing defendant to deliver to this honorable Court or to plaintiff for destruction all labels, boxes, instruction sheets, cartons and advertising materials containing the trademark GENIE;

(d) requiring defendant to account for and pay over to plaintiff all profits acquired from the sale of dental products sold under the GENIE trademark;

(e) awarding plaintiff such damages as may be determined upon the trial;

(f) allowing plaintiff costs and disbursements, including reasonable attorney's fees;

(g) granting such further relief as to the Court may seem just.

STATE OF NEW YORK     )  
                                  )   ss.:  
COUNTY OF QUEENS     )

H. GORDEN PELTON, being duly sworn, deposes and says:

I am President and Chief Executive Officer of Ceramco, Inc. the plaintiff herein. I have read the foregoing verified complaint and know the contents thereof to be true except for matters stated on information and belief and as to those matters I believe it to be true. The reason why this verification is made by deponent and not by the plaintiff herein is because the plaintiff is a corporation and I am an officer thereof.

Sworn to before me this 11th day of April, 1974.

**ORDER APPOINTING INDIVIDUAL TO SERVE  
SUMMONS AND COMPLAINT**

**filed April 12, 1974**

Upon the application of plaintiff, pursuant to Rule 4(c) of the Federal Rules of Civil Procedure, and the supporting affidavit of David F. Dobbins, sworn to on April 8, 1974, submitted herewith, it is hereby

ORDERED that the summons and complaint herein may be served by a representative of the Pinkerton Detective Agency, who is a citizen of the United States, over 18 years of age and not a party to this action, in place and stead of a United States marshal, and that such person serving the summons and complaint shall make and file an affidavit of proof of service as required by Rule 4(g) of the Federal Rules of Civil Procedure.

Dated: Brooklyn, New York  
April 12, 1974



**ORDER TO SHOW CAUSE**

filed April 12, 1974

Upon the annexed affidavit of H. Gordon Pelton, sworn to the 11th day of April, 1974, and upon the summons and verified complaint, it is

ORDERED, that defendant show cause before this Court, at the United States District Courthouse, Eastern District of New York, 225 Cadman Plaza East, Brooklyn, New York, in Court Room 1, on the 26th day of April, 1974, at 9:30 A.M., in the forenoon of that day, or as soon thereafter as counsel can be heard, why an order should not be entered pursuant to Rule 65 of the Federal Rules of Civil Procedure:

A. Enjoining and restraining defendant, its agents, servants and employees and all persons acting under it or on its behalf, during the pendency of this action, from directly or indirectly using the trademark GENIE, or any other mark, name or style containing the word GENIE, or any other word or style confusingly similar to plaintiff's trademark GENIE, on any dental product manufactured, promoted, sold or distributed by defendant; and

B. Granting plaintiff such other and further relief as to this Court may seem just and proper.

Sufficient cause appearing therefor, it is further

ORDERED, that service of a copy of this Order, together with the copy of the papers upon which it is based, on the defendant personally at its offices in South El Monte, California on or before 5:00 P.M., April 16, 1974, shall be deemed good and sufficient service.

**SUMMONS**

filed April 12, 1974

To the above named Defendant:

You are hereby summoned and required to serve upon ROGERS & WELLS plaintiff's attorneys, whose address is 200 Park Avenue, New York, New York 10017 an answer to the complaint which is herewith served upon you, within 20 days after service of this summons upon you, exclusive of the day of service. If you fail to do so, judgment by default will be taken against you for the relief demanded in the complaint.

**PROOF OF SERVICE**

filed April 16, 1974

I certify that I have been appointed to serve the summons, order to show cause and plaintiff's memorandum in support of motion for preliminary injunction in the within action and that I served these documents as follows:

1. Name and title of person served:  
Ria Lee, Secretary of Lee Pharmaceuticals, Inc.
2. Date and time of delivery:  
Monday, April 15, 1974, 3:30 P.M.
3. Place of service:  
1444 N. Santa Anita Dr.  
South El Monte, California
4. Manner of Service:  
Personal Service, by handing copies to the person served.

Subscribed and sworn to before me 4-16-74

## AFFIDAVIT IN SUPPORT OF ORDER TO SHOW CAUSE

filed April 12, 1974

STATE OF NEW YORK    )  
                                  ) SS.:  
COUNTY OF QUEENS    )

H. GORDON PELTON, being duly sworn, deposes and says:

I am President and Chief Executive Officer of plaintiff, Ceramco, Inc. ("Ceramco") and submit this affidavit in support of Ceramco's motion for a preliminary injunction restraining defendant Lee Pharmaceuticals ("Lee") from infringing plaintiff's trademark "GENIE."

Ceramco at all relevant times herein was and is in the business of developing, manufacturing and selling ceramic dental products, primarily materials used by dental laboratories in the construction and shading of porcelain dental bridgeworks. Such products are sold to dentists and dental laboratories, and are not sold to the general public. Ceramco has acquired an outstanding reputation in the dental product field among dentists and dental laboratories for its high quality products. Ceramco is a wholly-owned subsidiary of Johnson & Johnson, Inc.

In April 1973, pursuant to a written contract, Ceramco acquired from Culver Laboratories, Inc. and the Wilkinson Company (hereinafter "Culver-Wilkinson"), all right, title and interest in a dental metal composition product designed for use as a corrective and repair material for gold crowns, bridges and the like (hereinafter the "Corrective Composition"), including all right, title and interest to the trademark GENIE, used alone or in combination, including the names GOLD GENIE, CM GENIE and FIBER-METAL GENIE. The different GENIE names

relate to the different colors and compositions available. The Corrective Composition consists of a powdered material (mostly 24 carat gold), a mixing liquid and a mixing bowl. The powdered material and the liquid are mixed together to form a thick putty which is used to fill up holes in ceramic gold alloys and can also be used to extend margins. The Corrective Composition is presently being sold by Ceramco in three different colors, under the names GOLD GENIE (to match very yellow-gold alloys), CERAMIC METAL GENIE—Yellow Color (to match Yellow-white gold alloys) and CERAMIC METAL GENIE—Platinum Color (to match white gold alloys). Attached hereto as Exhibit A is a copy of the current instruction sheet for the Corrective Composition which describes in more detail its composition and use.

The Corrective Composition under the various forms of the GENIE trademark has been continuously sold in interstate commerce since 1968, first by Culver-Wilkinson and, starting in 1973, by Ceramco itself. As part of the acquisition in April 1973, Ceramco acquired all use rights to the GENIE trademark which had been developed by Culver-Wilkinson. Culver-Wilkinson expended a great deal of time, effort and expense, including national, regional and point-of-sale advertising and promotion in the dental product field to develop a market for the Corrective Composition under the GENIE trademark. All packaging, instruction sheets, promotion and advertising materials of Culver-Wilkinson carried the mark. As examples, attached hereto as Exhibit B is a copy of the instruction sheet for GOLD GENIE used in 1968, and as Exhibit C an ad for CERAMIC METAL GENIE which appeared in 1970-71 National Association of Dental Laboratories Membership Directory. I am advised that sales by Culver-Wilkinson of the Corrective Composition under the GENIE mark were as follows:



1968	—	\$ 3,123.75
1969	—	6,167.65
1970	—	8,741.25
1971	—	14,845.33
1972	—	20,986.45
1973 (1st and 2nd quarter only)		23,724.08

Advertising expense in the same period of time was approximately \$8000.

Ceramco, since purchasing rights to the product and the goodwill associated with the trademark, has continued to develop a market for the product under the GENIE trademark. All packaging and instruction materials carry the mark prominently. It has promoted and advertised extensively in the dental product field to inform potential purchasers that Ceramco is now the source of the Corrective Composition sold under the GENIE trademark and that there are three products in the "Genieline." Attached hereto as Exhibit D is an example of an advertising flyer used by Ceramco for this purpose. Sales by Ceramco since the acquisition have totalled approximately \$21,000. Advertising and promotion expense (not including the expense of Ceramco's nationwide sales force) has been approximately \$2,500, which included an introductory promotion mailing directed to over 5,000 persons and organizations in the dental field all over the country.

In recent months Ceramco has discovered that the defendant Lee, a California corporation manufacturing and selling products in the dental field, has misappropriated the trademark GENIE in connection with the sale, advertising, promotion and distribution in interstate commerce of a binding dental adhesive designed for use with metal and plastic orthodontic brackets. Like Ceramco's product, Lee's product is sold solely in the dental product field, and is not sold to the general public. Attached hereto as

Exhibit E is a technical bulletin for Lee's product, dated September 30, 1973, which shows the product and describes its nature and use. The Court will note the following statement is made at the bottom of the last page of Exhibit E: "The term GENIE is a trademark of Lee Pharmaceuticals." I am informed that Lee filed a trademark application for the name GENIE in the Patent Office on or about November 19, 1973, and stated in that application that it first used the mark on May 23, 1973, long after the first use by Culver-Wilkinson.

An investigation conducted by Ceramco indicates that Lee's product is being distributed throughout the United States by various dental supply houses, including dental supply houses located in the State of New York. Upon information and belief GENIE dental bracket adhesive is sold in Manhattan by at least two organizations, Rower Dental Supply Co., 331 West 44th Street and Dental Equipment Specialists, Inc., 123 East 24th Street.

Although the two products technically have different uses, it is clear that Lee's use of the trademark GENIE for its dental product, a product that is, in fact, closely related to Ceramco's dental product, infringes upon Ceramco's rights and use of the GENIE trademark and will, if maintained, dilute the very substantial goodwill which Culver-Wilkinson first and then Ceramco built up in the GENIE trademark. It is also clear that dentists, dental technicians and dental supply houses will all come under the erroneous impression that Lee's product sold under the fanciful and non-descriptive trademark GENIE emanates from or is connected with the same source that sells Corrective Compositions under the same fanciful mark. Ceramco for years has been well-known in the dental product field as a highly reputable marker of dental products of the finest quality. Lee's attempt to register the GENIE mark clearly represents an attempt to interfere with Ceramco's exclusive right to use the mark in the dental product field.

Ceramco, through counsel, has demanded that Lee cease its use of the GENIE trademark, but, far from stopping, Lee continues to distribute its dental products under the trademark GENIE. If Lee is allowed to continue to use the GENIE trademark in the dental product field, Ceramco will suffer irreparable harm as a result of the dilution of the goodwill in the GENIE trademark purchased and built up by Ceramco, and by the confusion in the minds of the purchasers as to the source of each dental product.

The reason for proceeding by order to show cause rather than by notice of motion is the continued suffering by Ceramco of irreparable damage and the necessity for obtaining prompt relief. No application for the relief requested herein or similar relief has been made to this or any other court.

Sworn to before me this 11th day of April, 1974

## EXHIBIT A

Ceramco®

Ceramic Metal Genie®

Gold Color

—————

Ceramco®

Ceramic Metal Genie®

Platinum Color

—————

Ceramco®

Gold Genie®

## INSTRUCTIONS

Mixing instructions: Mix Ceramic Metal Genie® powder with 8 drops of the Ceramic Metal Genie® liquid provided in the package. The consistency should be easy to work.

Basic Instructions: Always roughen area to receive Ceramic Metal Genie® with a small stone; clean thoroughly, place or brush Ceramic Metal Genie® into or on the area desired; blot well with a tissue, dry at oven door 3 minutes, fire from 1600°F to 1940°F. When firing at 1600°F, hold at the temperature one minute.

## Ceramic Metals

*For marginal extensions and repairs of ceramic metals:* Place gold or platinum foil on die under the area to be extended or repaired. Adapt foil, enclosing the foil into the crown enough to retain in position. Place onto silex or use a high heat porcelain type investment placed into the copings to support the matrix.

Place or brush Ceramic Metal Genie® into or on the area to be corrected, dry at the oven door 3 minutes, insert in oven and fire at 1600°F to 1940°F. After adequate cooling, burnish and polish as usual.

\*Pat. Applied for



## INSTRUCTIONS

Mixing instructions: Mix Ceramic Metal Genie® powder with 8 drops of the Ceramic Metal Genie® liquid provided in the package. The consistency should be easy to work.

Basic Instructions: Always roughen area to receive Ceramic Metal Genie® with a small stone; clean thoroughly, place or brush Ceramic Metal Genie® into or on the area desired; blot well with a tissue, dry at oven door 3 minutes, fire from 1600°F to 1940°F. When firing at 1600°F, hold at the temperature one minute.

### Ceramic Metals

*For marginal extensions and repairs of ceramic metals:* Place gold or platinum foil on die under the area to be extended or repaired. Adapt foil, enclosing the foil into the crown enough to retain in position. Place onto silex or use a high heat porcelain type investment placed into the copings to support the matrix.

Place or brush Ceramic Metal Genie® into or on the area to be corrected, dry at the oven door 3 minutes, insert in oven and fire at 1600°F to 1940°F. After adequate cooling, burnish and polish as usual.

\*Pat. Applied for

## INSTRUCTIONS

Mixing instructions: Mix Gold Genie powder with 8 drops of the Gold Genie liquid provided in the package. The consistency should be easy to work.

Basic Instructions: Always roughen area to receive Gold Genie with a small stone; clean thoroughly, place or brush Gold Genie into or on the area desired; blot well with a tissue, dry at oven door 3 minutes, fire from 1600°F to 1940°F. When firing at 1600°F, hold at the temperature one minute.

### Ceramic Metals

*For marginal extensions and repairs* of ceramic metals: Place gold or platinum foil on die under the area to be extended or repaired. Adapt foil, enclosing the foil into the crown enough to retain in position. Place onto silex or use a high heat porcelain type investment placed into the copings to support the matrix.

Place or brush Gold Genie into or on the area to be corrected, dry at the oven door 3 minutes, insert in oven and fire at 1600°F to 1940°F. After adequate cooling, burnish and polish as usual.

\*Pat. Applied for

## EXHIBIT B

USES OF "GOLD GENIE" \* CERAMIC  
GOLD CREAM

Gold Genie may be used for the following:

Bake on metals

1. Extension of margins
2. Repair of castings, such as porous or miscast c?;??
3. Lingual areas where metal has been polished through
4. Contact, proximal and occlusal areas
5. Accidental cuts made on bridge retainers
6. Gold coatings
7. Porcelain margins
8. Precision attachments

Simulated inlays

1. Bake on porcelains
2. Denture teeth

Mixing instructions: Mix Gold Genie powder with the Gold Genie liquid provided in the package. The consistency should be easy to work, the thicker the mix the denser and finer grained the end result will be.

Basic Instructions: Always roughen area to receive Gold Genie with a small stone; clean thoroughly, place or brush Gold Genie into or on all the area desired; blot well with a tissue, dry at oven door 3 minutes, fire from 1600°F to 1940°F. When firing at 1600°F, hold at the temperature one minute.

Bake on Metals

For marginal extensions and repairs of bake on metals:

Place gold or platinum foil on die under the area to be extended or repaired. Adopt foil, enclosing the foil into the crown enough to retain in position. Place onto silex or use a high heat porcelain type investment placed into the copings to support the matrix.

Place or brush Gold Genie into or on the area to be corrected, dry at the oven door 3 minutes, insert in oven and fire at 1600°F to 1940°F. After adequate cooling, burnish and polish as usual.

T.M.: GOLD GENIE

\* Pat. Pending

WILKINSON CO., WESTLAKE VILLAGE,  
CALIFORNIA 91360

**Lingual Areas:** That have polished through, place as needed and fire moderately low. The placement of gold foil into large open areas may be required as a matrix base.

**Contact areas:** occlusal or proximal, fire at highest range for maximum wetting adhesion.

**Cuts or Damaged Areas:** When cuts or taps must be used to remove a badge, these can be repaired by filling the damaged areas with Gold Genie and firing at 1600°F to 1800°F. Gold Genie will not migrate or slump regardless of the number of firings within the proper temperature range. [Depending on thickness of cut it may be necessary to apply foil as per marginal extension instructions.]

**Gold Coatings:** Gold Genie can be used in place of gold coating materials with the option of acid treatment. For a bonded gold buff finish, fire at 1925°F. When firing



to a buff bonded finish (1925°F), more brightness may be achieved by brushing the surface with a nylon brush. *Do not use an acid treatment with this technique.* The acid treatment is *optional* at the *high flash 1945°F technique*. For a high, bright gold flash, fire at 1945°F. To repair an area where gold coating has accidentally been removed and it is necessary to bake porcelain over this area, apply Gold Genie to the metal, fire at 1600°F. Burnish resultant area to bring out gold color, opaque the area in usual manner.

#### Porcelain Margins for Metal Coping Jackets

After adapting foil, brush Gold Genie from foil up to and lapping the coping. Support the matrix and fire at 1600°F, reseal on die, and burnish as needed. Foil will remove with little effort when jacket is finished. During all firing operations, the Gold Genie supported foil margins will not lift.

**Precision Attachments:** Paint Gold Genie on platinum boxing, fire as per basic instructions. The application of Gold Genie will reduce the chances of checking and crazing.

**Simulated Gold Inlays:** Porcelain fused to gold; lightly cut the area to be used for inlays, paint Gold Genie on area, blot well, fire to 1750-1800°F and finish by light polishing or burnishing.

**Simulated Inlays in Denture Teeth:** Cut areas to contain inlays with undercuts or first glaze areas with Wilkinson Glazing Enamel. Place Gold Genie in area and fire. Finish in usual manner.

Developed by Culver Laboratories  
Dental Designed Products

**NEW from Wilkinson!**

# Ceramic Metal Genie<sup>®</sup> (patent pending)

remarkable time-saving new product for dental laboratories be used for the following:

1. Small extension of margins
2. Repair of castings, such as porous or miscast areas
3. Lingual areas where metal has been polished through
4. Contact, proximal and occlusal areas
5. Accidental cuts made on bridge retainers
6. Porcelain margin extensions

## Color-Matched

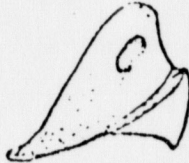
Composed of selected atomized precious metals and compounds, Ceramic Metal Genie — after baking or firing — color-matches most ceramic-type alloys. Ceramic Metal Genie can be easily baked on (over) most of popular ceramic-type porcelains used in today's practice.

Ceramic Metal Genie is extremely strong and easy to use with time-saving results.

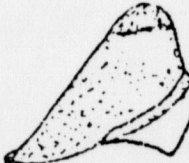
**Mixing Instructions:** Mix Ceramic Metal Genie powder with Ceramic Metal Genie liquid provided in the package. When consistency should be easy to work, the thicker the mix the denser and finer grained the end result will be.  
**Firing Instructions:** Always roughen area to receive Ceramic Metal Genie with a small stone; clean thoroughly; place or brush Ceramic Metal Genie into or on the area desired; dry at oven temperature for one to two minutes, fire from 1600° F to 1940° F. When firing at 1600° F, hold at the temperature for a minimum of one minute.

**PACKAGED KIT INCLUDES:**  
15 gram Ceramic Metal Genie/Mixing jar, sable brush  
Ceramic Metal Genie Liquid/Instructions  
Gram Kit — \$25.00/15 Gram Kit — \$100.00

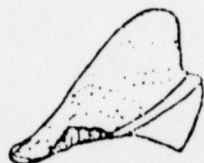
Repairs or extended areas are not noticeable because Ceramic Metal Genie matches the color of the alloy after firing or baking.



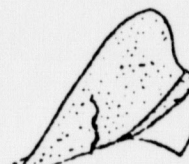
Casting Voids



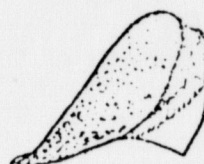
Scalped Casting



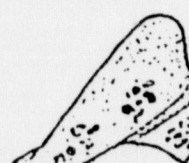
Replace Margin



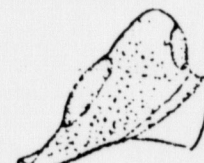
Metal Cracks



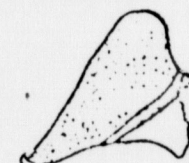
Design Change



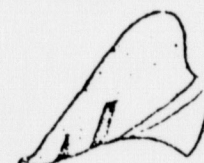
Porous Areas



Thin Area Support



Rebuild Contours



Accidental Cuts or Nicks

Order from your distributor, or write us for complete technical information:

**W The WILKINSON Company**  
precious metal alloys and dental casting materials  
 31011 Agoura Rd./P.O. Box 1307  
 Westlake Village, Calif. 91360  
 Phone: 213/889-0050 -- 805/495-4016  
 In Mexico:  
 Industrias Wilkinson de Mexico, S.A.  
 Palma Norte 518-60, Mexico 1, D.F.

The Wilkinson Company also makes GOLD GILL, used where a gold color is desired in extension of margins, contact casting, and on bonded inlay and cement casting materials.

**EXhibit C**

## EXHIBIT D

## CERAMCO OFFERS GOLD GENIE®!

Effective immediately, all manufacturing and sales of Gold Genie will be taken over by Ceramco, Inc. There are three products in the Genieline, all priced at \$30.00 per 2-dwt. package, or \$25.00 each if 5 kits or more are purchased.

The Genie products represent the only easy answer to repairing holes and extending margins on dental castings. It's another "make life easier" move by Ceramco. Use the enclosed pre-paid order card to get the Genie that's right for your operation.

*Gold Genie*—For repairing holes and extending margins on inlay, crown and bridge golds.

*Ceramic Metal Genie, Yellow Color*—For repairing holes and extending margins on yellow ceramic golds.

*Ceramic Metal Genie, Platinum Color*—For repairing holes and extending margins on white ceramic golds.



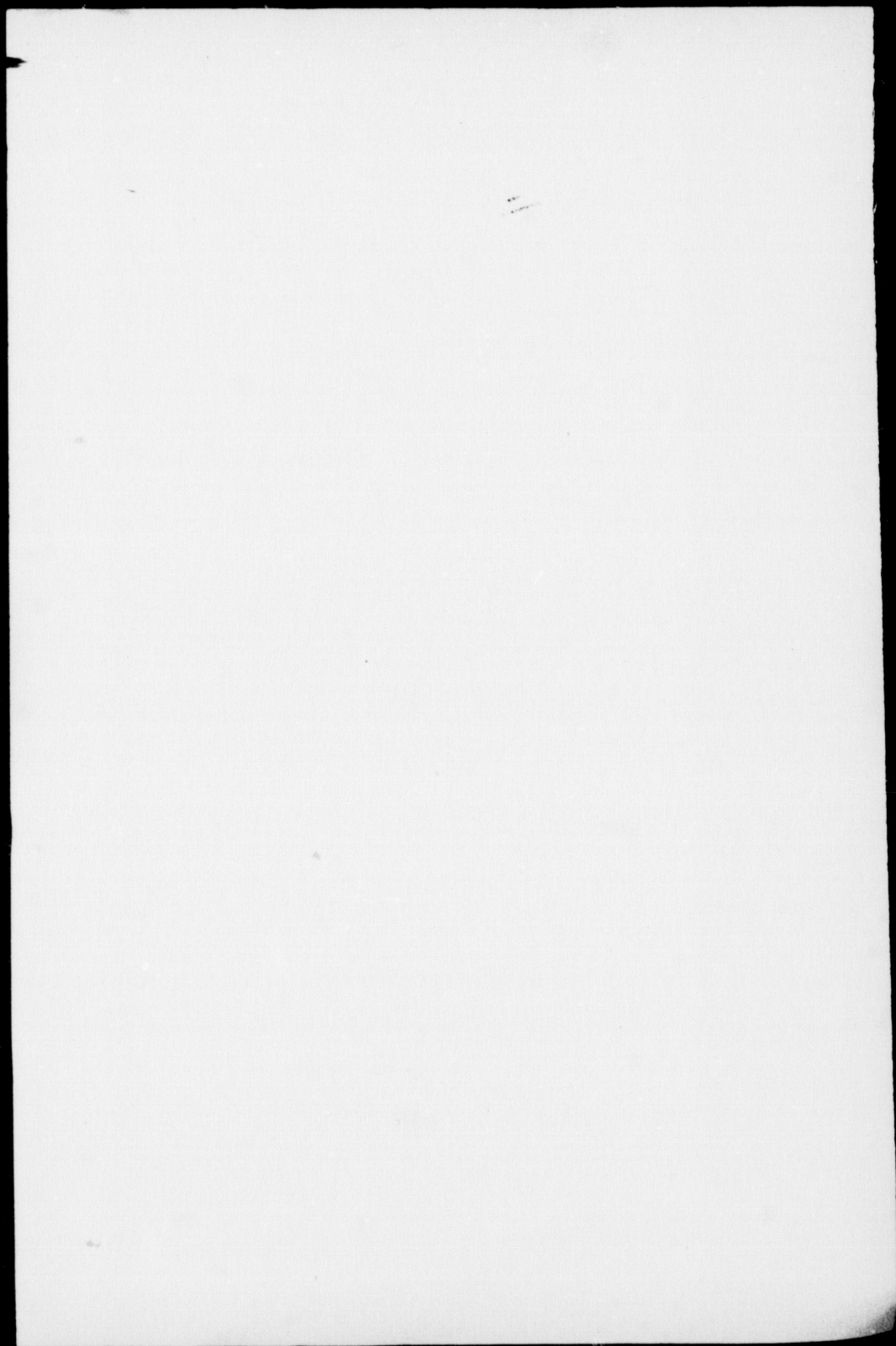




EXHIBIT E

[Logo]

LEE PHARMACEUTICALS

*GENIE*

Orthodontic Bracket Adhesive

TECHNICAL  
BULLETIN

No. 2030

Sept. 30, 1973

GENIE—A universal direct-bonding bracket adhesive, which may be used with both metal and plastic orthodontic brackets.

[Picture]

GENIE

Catalog No. 2030-100

ADVANTAGES OF GENIE

VERSATILITY—GENIE may be used with either metal or plastic brackets.

EASY TO MIX—GENIE has a precalibrated measuring system that makes preparation of the mix easy and produces highly reproducible properties in the cured material.

AESTHETICS—GENIE is virtually translucent and therefore does not alter the appearance of plastic brackets.

GOOD ADAPTION—GENIE's fluidity and low film thickness allow good adaptation of the bracket to the tooth surface.

NO SEPARATION OF TEETH—GENIE bonds brackets directly to the teeth, thereby requiring no teeth separa-

tion, an uncomfortable procedure, and shortening chair-time.

**SIMPLE APPLICATION**—GENIE is applied rapidly. No special equipment is needed, either for application or to cause it to polymerize.

**NON-IRRITATING**—GENIE does not contain methyl methacrylate monomer, which is irritating and has a strong, unpleasant odor.

**ECONOMICAL**—GENIE will bond an average of 360 brackets with the material supplied in one kit. Refills of each kit component are available.

FOR PROFESSIONAL USE ONLY

## INTRODUCTION

The classic orthodontic system involves attachment of brackets to teeth, with metal bands encircling the involved teeth. The bands are held in place with cement. Stresses applied via wires attached to the brackets are transmitted to the teeth through the cemented bands. Large exposed metal surfaces have earned bands the common description: braces. The very unnatural appearance given the teeth by orthodontic bands is perhaps the major factor that prevents more patients from obtaining orthodontic treatment.

Other, more serious, problems exist with the classic system. Most band cements are acidic. Long exposure of enamel to the acid often causes demineralization of the tooth surface beneath the cement. The resultant demineralized areas not only are unattractive; they are vulnerable to caries development.<sup>(1-6)</sup> Another liability of

most band cements is that their solubility, structural weakness, and poor bonding strength allow submarginal areas, beneath the bands, to become the sites for food deposits that can lead to carious attack. Hygiene is difficult for many patients to maintain, particularly between the band and the gingiva.<sup>(7-8)</sup>

Orthodontists became interested in the possibilities for a bandless system, in which brackets were bonded directly to the teeth, when advances in adhesives technology were first introduced to the dental profession.

The direct-bond orthodontic system has received considerable attention recently.<sup>(9-18)</sup> The elimination of orthodontic bands offers more benefits than better protection to the tooth and improved aesthetics alone. It reduces chair time by eliminating the band-fitting operation entirely. The treatment period is shortened. The patient is more comfortable because direct-bonded brackets occupy no interdental space. Gingival irritation is eliminated. Partially erupted and malposed teeth that are difficult to band by conventional means may be bracketed easily with the proper direct-bonding materials.

The ultimate in improved aesthetics would be derived from clear, plastic brackets. Presently the materials used for direct-bonding brackets are polycarbonate and stainless steel. Even steel brackets are a sizeable improvement over banded orthodontic systems.

The advantage of metal brackets obviously lies in the higher strength of this material. Brackets can be manufactured to tighter tolerances. The metal bracket can be used almost without concern over structural failure or loss of mechanical tolerances as regards positioning of the arch wire. Unfortunately, the same has not been true of plastic (polycarbonate) direct-bond brackets.

The difficulty may be more the responsibility of the user because plastic brackets have performed very well

when used in the proper situations. Polycarbonate is a relatively strong plastic, except for edge strength. The orthodontist must analyze the forces and their direction carefully before using polycarbonate brackets. In general, they have excellent suitability for anterior teeth (where they are most needed) because lesser forces of simpler composition are ordinarily involved. Some clinicians report that the chief limitation of plastic brackets lies primarily in torquing situations where it has been demonstrated that rectangular arch wires wear the plastic slot. As a result, plastic brackets are not as satisfactory as metal brackets.

Steel brackets are capable of being used in any anterior application and on molars. To a large degree, their limitations are set by the direct-bonding adhesive employed in the system. Banded brackets still may be required in severe, isolated cases involving very complex forces or high stresses. Improved adhesives will allow even a greater range to metal bracket applications. Hopefully, advances in the plastic bracket design and materials technology will extend their usefulness.

Direct-bond adhesives have been available since 1972. The failures and limitations of the "first generation" systems were tolerated by some, but these initial shortcomings have slowed the acceptance of direct bonding by the profession, except in theory.

For example, one system is so complicated that it takes much longer to prepare the adhesive and fasten the bracket than is required to fit and cement bands. Another system uses a UV-cured primer, which bonds to etched enamel, but cannot bond to brackets, followed by the bracket-bonding adhesive, which adheres to the primer coat (not to enamel)! The multiple applications needed with this system are difficult to justify by performance.



Most direct-bond adhesives offered to the profession to date have been based on methyl methacrylate and poly-(methyl methacrylate). They have been limited in use to bonding plastic brackets. Unfortunately, their bonding to tooth structure is very poor. Special adhesives were developed for metal brackets; however, their relatively good adhesion to metal was not matched by their bonding to enamel.

These systems are specific. Each system will work with either metal or plastic brackets, but not with both types. The orthodontist has been faced with the need to obtain bracket adhesives of both types and this with the knowledge that success could not be guaranteed.

Lee Pharmaceuticals research staff has been involved in dental materials research and development for over a decade.<sup>(19-23)</sup> Among the products developed by this staff are composite dental restoratives, a paint-on enamel coating, fissure sealer, cavity cleanser, crown and bridge adhesive, and several auxiliary dental products for cleaning preparations and glazing restorations.

In orthodontics, Lee Pharmaceuticals introduced an insoluble, exceptionally strong, neutral orthodontic band cement, called ONCE. A coating for enamel that protects it from demineralization beneath any cement, was developed and is available as PROTECTO. These products essentially eliminate demineralization and band-cementation failures from standard orthodontic banding procedures. The next logical step was to develop a direct-bond adhesive of universal application, with superior bonding strength to enamel and to bracket materials of all types. The result of two years of effort directed toward this goal is GENIE Orthodontic Bracket Adhesive.

GENIE is a rapid-setting adhesive, developed to bond metal and plastic direct-bond brackets to teeth. It is colorless and clear, so that it enhances the aesthetics de-

sired with polycarbonate brackets. GENIE adheres both to steel brackets and polycarbonate. In GENIE, an acrylic adhesive (good bond strength to the tooth) has been combined with an epoxy resin system (good bond strength to metals), and a special component that produces excellent adhesion to polycarbonate. The adhesion has a "snap cure" which occurs soon after the 2-minute working time has ended.

With GENIE, the orthodontist can decide which kind of bracket he wants to use, without concern over whether the adhesive will be appropriate. GENIE has been completely successful with these brackets:

- 1) Edgewise plastic brackets.
- 2) Light-wire plastic brackets.
- 3) GAC metal brackets (perforated base).
- 4) Unitek metal brackets (special design base).
- 5) GAC metal standard edgewise brackets, with perforated base (medium twin anterior base, wide twin anterior base, and wide twin curved base).
- 6) Unitek metal standard edgewise brackets, with special base.

In the majority of cases, direct bonding with GENIE can be used on all teeth, eliminating the need for banding. Banding can be restricted to those few cases in which exceptional performance is expected because of high stresses.

The important properties of GENIE and other direct-bond adhesives are compared in Table 1. Superior mechanical strength assures that GENIE will not fail under structural loadings much more severe than those normally imposed in orthodontic procedures. The bond strengths to enamel and to polycarbonate similarly are far above those of the other adhesives suggested for plastic brackets.

TABLE 1. Properties of Direct-Bond Adhesives

	GENIE	BRAND A	BRAND B
Description	Two-part, chemically- cured polyacrylic adhesive system	Chemically- cured polymethyl methacrylate	Chemically- cured polymethyl methacrylate using oxygen- sensitive catalyst and requiring UV- cured primer
Set Time (at 23°C)	125 seconds	120 seconds	120 seconds
Compressive Strength	32,000 psi	12,000 psi	12,000 psi
Tensile Strength	3,900 psi	2,000 psi	2,000 psi
Hardness (Shore D)	86	84	84
Bond Strength, to Etched Enamel (in 37°C water) After 24 hours After 6 months	Greater than 1200 psi Unchanged	450 psi, maximum Unchanged	630-800 psi Unchanged
Bond Strength, to Polycarbonate (in 37°C water) After 24 hours After 3 months	Greater than 2000 psi Unchanged	1500 psi 400 psi	800 psi 300 psi

As with all advanced systems, success depends on following the mixing and application procedures closely. Operator variables will account for levels of performance of this produce. It is the purpose of this technical bulletin to give a clear and thorough explanation of these procedures. The effort that the orthodontist makes to learn and master the new technique will be rewarded by his results and the acceptance of his patients.

### KIT DESCRIPTION

The GENIE kit contains all the necessary components for mixing and applying the adhesive. These components are also available separately, as refill items. The kit and its components are listed below, with their catalog numbers, for accurate ordering:

DESCRIPTION	CATALOG NO.
GENIE Orthodontic Bracket Adhesive Kit	2030-100
Etching Agent (6 gm.)	2030-101
Part A Powder (12 gm.)	2030-102
Part B Liquid (6 gm.)	2030-103
Glass Mixing Slab	2030-138
Spatula	2030-139
Applicator	2030-140
Measuring Scoop	2030-141

### APPLICATION TECHNIQUE

#### STEP 1. CLEANSING

1. Cleanse the area to be coated, using normal prophylaxis with a flour pumice (Fig. 1).

Do not use a prepared paste that contains oils or fluoride. These compounds may interfere with successful bonding.



2. Isolate the teeth with cotton rolls or a rubber dam (Fig. 2).
3. Dab Etching Agent generously to the tooth surface (Fig. 3). Do not rub the surface during or after etching.

*Note:* Etched enamel left exposed to the oral environment will remineralize completely within 24-72 hours.<sup>(24-26)</sup> The dull white appearance will be gone after 8-12 hours. There is no indication that enamel is in any way made more vulnerable to caries because of acid etching.

*Caution:* Etching Agent is based on phosphoric acid, which provides etching action that cleans, roughens, and activates the tooth surface to produce better bonding characteristics. Phosphoric acid has been used safely in dentistry for many years. Avoid contacting the gingivae with Etching Agent, but if contact should occur, wash quickly with water.

Etching Agent contains a purple dye and a flow-control agent that allow for controlled application of this solution. The dye will color soft tissue, indicating the location of any accidental spills or splashes.

4. Allow Etching Agent to remain on the teeth for a full 120 seconds. Time the application with a watch.
5. Wash the cleansed surface with copious amounts of water (Fig. 4). Allow the patient to rinse.

## STEP 2. DRYING

Dry the isolated teeth with dry, oil-free, warm compressed air (Fig. 5). (Check your air supply by directing the stream against a clean mirror.)

Enamel surfaces should acquire a dull white appearance (Fig. 6). *Note:* In some cases, especially with

patients who reside in heavily flouridated regions, the enamel is more resistant and in order for teeth to acquire this appearance, the etching procedure should be repeated for an additional 120 seconds followed by washing and careful drying. If a dull white appearance still is not visible, it should be concluded that these teeth will not be successful candidates for adhesive techniques.

The tooth surfaces must be thoroughly dry. Keep the treated area dry and free of saliva.

If any problem with retention is encountered, it is strongly recommended that Lee Pharmaceuticals Prep-Dry be used. Prep-Dry Dental Drying Agent will offset traces of moisture in air lines and the humidity of the mouth so as to achieve a dry surface and good adhesion. When using Prep-Dry, follow the manufacturer's directions; do not rub Prep-Dry onto etched enamel (Fig. 5).

### STEP 3. MIXING

*Note:* With any adhesive, mix consistency is important to proper bonding because it will control wetting, flow out, bevelling, thickness, etc. The following instructions should be followed as precisely as possible. Refer to the illustrated mixing procedure page 6).

1. Using the scoop furnished in the kit, place one levelled scoop of Part A Powder onto the mixing pad.
2. Slowly squeeze out two drops of Part B Liquid onto the powder.

These should be "free-falling" drops. Do not let the end of the nozzle touch the powder, as surface tension will pull out extra big drops, and the mixing ratio will be incorrect.

3. Mix the powder into the liquid with the plastic spatula for 10 seconds, or so, but not more than 15 seconds. The mixed adhesive should be in the form of a medium-thick paste, with free liquid appearing on the surface to give it a shiny look. If a mix does not have this appearance, prepare a new mix.

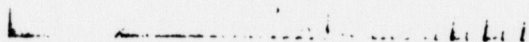


Fig. 1. Prophylaxis of teeth.

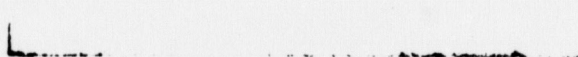


Fig. 2. Teeth isolated with cotton rolls.



Fig. 3. Application of etching agent.



Fig. 4. Etching agent washed from tooth.

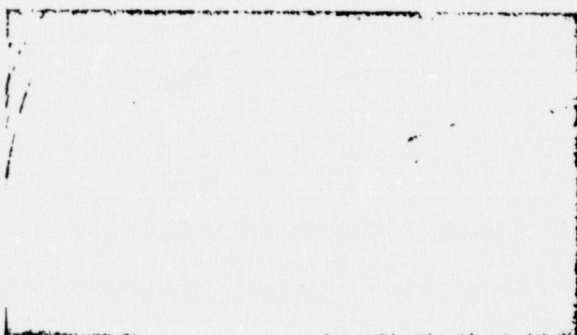


Fig. 5. Teeth dried with compressed air (left) or with Prep-Dry Dental Drying Agent (right).

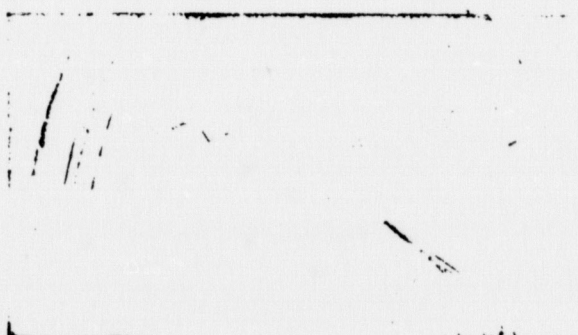


Fig. 6. Non-etched (left) and etched (right) teeth. Note the dull appearance of the etched tooth as compared to the non-etched one.

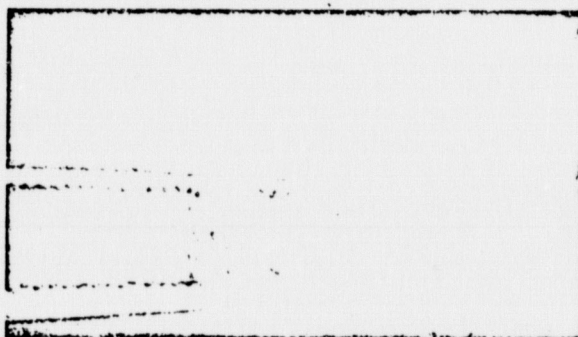


Fig. 7. Application of GENIE to the bracket.



# APPLICATION AND REMOVAL PROCEDURE (Cont.)



Fig. 8. Placement of brackets.



Fig. 9. Plastic brackets cemented on teeth.

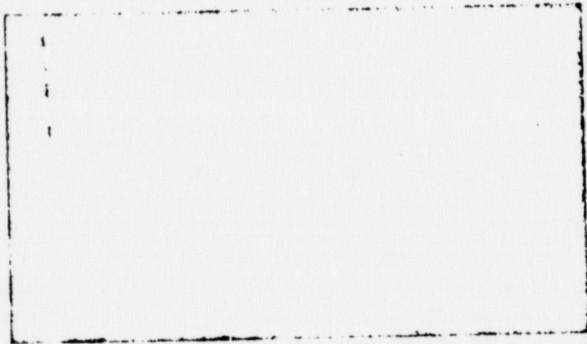


Fig. 10. Examples of orthodontic appliances in place.

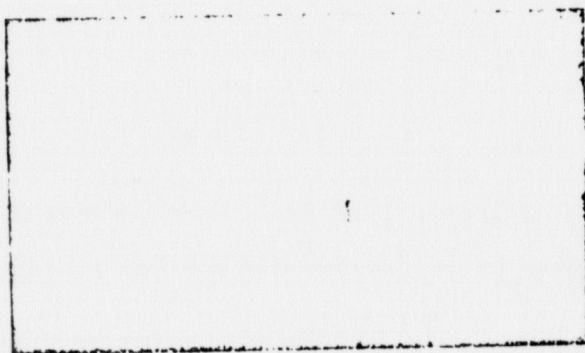


Fig. 11. Removal of plastic brackets.

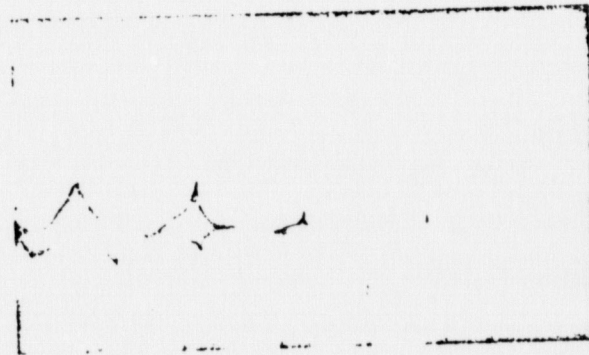


Fig. 12. Teeth after orthodontic treatment.

## MIXING PROCEDURE



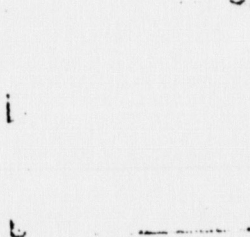
Level one scoop of GENIE Powder A.



Dispense the powder on the mixing slab.



Dispense two drops of GENIE Liquid Part B directly onto the powder.



Fold the powder into the liquid for about 10 seconds.



Proper mix of GENIE.

#### STEP 4. APPLICATION

1. Mixed material should be applied immediately after mixing, in a layer about 1 mm thick on the bracket (Fig. 8).
2. The bracket must be placed on the tooth immediately after applying GENIE. Only slight initial pressure is required during placement. Time between mixing GENIE, applying it to the bracket, and placing the bracket on the tooth can not exceed 70 seconds.
3. The bracket must be carefully maintained in place until the adhesive sets. It is essential that the bracket is not moved while the adhesive is setting. It is technically possible to bond up to six brackets with one mix of material; however, because of limited setting time it requires some experience and the help of an assistant to place more than two or three at first. Commercially available bracket positioners may ease this operation. Horizontal positioning of the tooth surfaces to be bonded often permits a skilled operator to place five or six brackets from one mix.

#### STEP 5. FINISHING

Finishing may be done no sooner than five minutes after setting. In the meantime, however, other teeth may be treated.

Use a finishing bur to remove excess adhesive from around the brackets. Check interproximal areas with dental floss to make sure no adhesive has flowed into this area.

#### STEP 6. WIRE APPLICATION

The wire should be applied no sooner than 20 minutes, preferably 30, after the setting of the brackets. (The adhesive requires this approximate period of time to build up maximum strength after the initial set.)

## REMOVAL OF BRACKETS

In removing the brackets, band-removing pliers or ligature cutters are recommended (Fig. 11). Any remaining adhesive is scaled with a hand scaler, and the tooth surface is then polished with pumice to insure complete removal of adhesive (Fig. 12).

## SPECIAL REMARKS

1. Proper etching of tooth surface is important for good retention. Teeth must have dull appearance; if not, etch for another two minutes.
2. The acid must be rinsed properly and the surface has to be thoroughly dried. A dry surface is perhaps the most critical step.
3. Material must be applied immediately after mixing and the placement of the bracket on the tooth has to occur before material starts to gel. Otherwise, it will not flow and wet properly and its bonding potential will be lost.
4. It is very important not to move a bracket after placing it on the tooth and the setting has started. Any kind of retainers recommended for specific brackets may be applied.
5. Remineralization of teeth after removal of brackets will occur in 24 to 72 hours.

## EFFECT OF TEMPERATURE ON SETTING TIME

Temperature affects the setting time of GENIE. When Parts A and B are mixed at 72°F, setting begins in 120 seconds. However, the Arrhenius equation states that for every 18 to 20°F elevation in temperature, the speed of chemical reactions doubles. Conversely, for every 18 to 20°F decrease in temperature, the speed of chemical



reactions is reduced by one half. If your operatory is subject to wide temperature fluctuations, variations in your working time could result. For example, since GENIE starts to set in 120 seconds at 72°F, it will start to set in about 70 seconds at 85°F. At 60°F, it will require about 150 seconds to start to set. Fortunately, you can use the temperature dependence to your advantage. You can speed up setting time by working on a warm Teflon pad. (An incandescent light bulb may be used to keep the slab moderately warm.) To slow down the setting time, use a refrigerated slab, refrigerated GENIE components, or both. Be sure to avoid the condensation of moisture on cold slabs, as excess water will inhibit the cure.

### STORAGE

GENIE kits are chemically stable and may be kept on the shelf safely, at room temperature (not over 85°F), for one to two years.

### TOXICITY

GENIE is rated non-toxic when used in the manner recommended. It is further rated as having a neutral pH and low irritation potential.

The Etching Agent contains phosphoric acid and should be used with caution.

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LEE PHARMACEUTICALS

1444 Santa Anita Ave., P.O. Box 3836  
 South El Monte, Calif. 91733 (213) 442-3141

The term GENIE is a trademark of Lee Pharmaceuticals.  
 Printed in U.S.A.

Patents Pending  
 S/N 23141

April 23, 1974

Honorable Mark A. Constantino  
United States District Judge  
Eastern District of New York  
United States District Courthouse  
225 Cadman Plaza East  
Brooklyn, New York

Re: Civil Action No. 74C-567  
Ceramco, Inc. v. Lee Pharmaceuticals

Dear Judge Constantino:

We write this letter as counsel for the defendant, Lee Pharmaceuticals, in response to the Order to Show Cause filed by Judge Dooling on April 12, 1974.

We respectfully suggest that the Show Cause Order is void because the Court had no power to act at the time the order was filed and has no such power at this time. Specifically:

1. Neither at the time the order was purportedly entered on April 12, 1974, nor at any subsequent time has any service of the Summons and Complaint as required by Federal Civil Rule 4 been accomplished.

2. The Complaint is defective on its face for lack of any allegation of venue; it is believed that venue does not lie in this judicial district.

3. The Complaint is defective on its face for the lack of any appropriate allegations of either personal or subject matter jurisdiction; it is believed clear that personal jurisdiction over the defendant, Lee Pharmaceuticals, is lacking in this district, and that subject matter jurisdiction as to at least some of the counts of the Complaint is highly questionable.

4. The Show Cause Order is not authorized by any of the Federal Rules of Civil Procedure,<sup>1</sup> and, in fact, is in derogation of said rules. Specifically, and without limitation:

- (i) The Show Cause Order abrogates the provisions of Rule 12 which permits a defendant 20 days after service of the Summons and Complaint upon him to file his answer or assert various defenses by motion.
- (ii) The Show Cause Order is in derogation of Rule 7 (b) (1) which provides that "an application to the court for an order shall be by motion".
- (iii) The Show Cause Order is in derogation of Rule 65 (a) (2), in that it credits and is supported by the affidavit by the plaintiff's president, Pelton, which would not "be admissible upon the trial on the merits"; moreover, the defendant has been denied any opportunity to cross-examine the affiant.<sup>2</sup>

We further suggest that the issuance of the Show Cause Order has been improperly induced by erroneous and misleading sworn representations in the affidavit of H. Gordon Pelton, President of plaintiff. Thus, it is stated in the final paragraph of Pelton's affidavit in support of said Order:

"The reason for proceeding by order to show cause rather than by notice of motion is the continued suffering by Ceramco of irreparable damage

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<sup>1</sup> Including Federal Rule 6(d), which is concerned with the modification of times for motions and not with orders to show cause; further Rule 6(d) can have *no* application prior to the time the Court has power to act in a given case.

<sup>2</sup> The Show Cause Order cannot be justified by local rule. Federal Civil Rule 83 precludes local rules "inconsistent with these rules".



and the necessity for obtaining prompt relief." (p. 6.)

Putting aside the fact that the Pelton affidavit presents no evidentiary support for the allegation of "irreparable damage" and does not even suggest any case of *actual* confusion in the trade involving the trademarks in question, the pretended "necessity for obtaining prompt relief" is quite at odds with the plaintiff's prior conduct in this matter. Specifically, on January 16, 1974, Johnson & Johnson, the owner of the plaintiff Ceramco,<sup>3</sup> addressed a letter to Dr. Henry Lee, President of Lee Pharmaceuticals (a copy of which is attached as Exhibit A), relating to Lee's use of the trademark GENIE.

Lee Pharmaceuticals promptly responded, through counsel, by letter dated January 28, 1974 (a copy of which is attached as Exhibit B). It should be apparent from inspection of the Exhibit B letter that Lee's counsel requested from Johnson & Johnson the facts necessary to make an informed decision in the premises. Rather than responding to the aforesaid January 28, 1974 Exhibit B letter, this action was instituted without notice *more than 2½ months later* on April 12, 1974.

This dilatory conduct by plaintiff is flatly inconsistent with Mr. Pelton's *presently* alleged "necessity for obtaining prompt relief."

These same facts also place in proper context the further representation in Mr. Pelton's affidavit that:

"Ceramco, through counsel, has demanded that Lee cease its use of the GENIE trademark, but, far from stopping, Lee continues to distribute its dental products under the trademark GENIE." (pp. 5-6.)

The implication of this averment is shown to be false

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<sup>3</sup> The Pelton affidavit states: "Ceramco is a wholly-owned subsidiary of Johnson & Johnson, Inc." (p. 1.)

by the Exhibit B letter to which plaintiff did not respond. The true facts are that counsel for plaintiff has totally refused to cooperate with defendant's counsel in this matter, even to the extent of supplying the relevant facts prior to the precipitous institution of this litigation.

It is also untrue as stated without foundation at page 4 of the Pelton affidavit, that Lee Pharmaceuticals "has misappropriated the trademark GENIE." The dictionary meaning of the word "misappropriate" is "to appropriate wrongfully (as by theft or embezzlement)". Webster's *New Collegiate Dictionary*, p. 734. We are prepared to demonstrate, if necessary, that the trademark was adopted by Lee Pharmaceuticals totally without knowledge of the activities of the plaintiff and only after a careful search of the relevant federal trademark registrations. Significantly, although the literature attached to the Pelton affidavit indicates that plaintiff has deceptively indicated that its trademark GOLD GENIE is federally registered by affixing the symbol "®", the fact is that insofar as can be determined, the plaintiff has no federal trademark registrations which are relevant.

We respectfully call the attention of the Court to the fact that these papers were purportedly served on Lee Pharmaceuticals in South El Monte, California by an individual who stated that he "was from Pinkerton's" on April 15, 1974, and that the papers were thereafter forwarded to the offices of Lee's Washington, D. C. counsel.

During the time period from Monday, April 15, 1974, through Friday, April 19, 1974, Lee's counsel were engaged in court proceedings in Miami in the Southern District of Florida and did not return to their Washington, D. C. offices until late in the afternoon of Friday, April 19, 1974. As a practical matter, consideration could first be given to the subject Show Cause Order on Monday, April 22, 1974. Dr. Lee, President of Lee Pharmaceuticals, departs for Europe on Thursday, April 25, 1974. It

is simply impossible to prepare a meaningful response on the merits to either the Show Cause Order or to the concurrently filed Motion for Preliminary Injunction within the time allotted, i.e., by April 26, 1974, and it seems evident that such response on the merits should not be compelled in face of Lee's serious challenges to venue and jurisdiction in this district.

The defendant, Lee Pharmaceuticals, will expect, within the 20 days permitted by the Federal Rules, after the purported service on April 15, 1974, to proceed as contemplated by such rules. In the meantime, we abstain from compromising Lee's rights, *inter alia*, under Federal Civil Rule 12 by responding to the merits of any of the issues purportedly raised by the Show Cause Order unless and until it is determined by proper procedures whether or not the Court has power to act in this case.

We ask that the proceedings in connection with the plaintiff's Motion for Preliminary Injunction be similarly deferred.

Respectfully submitted,

IRONS, SEARS & SANTORELLI

by: \_\_\_\_\_

Edward S. Irons

Attorneys for Defendant

**MOTION OF LEE PHARMACEUTICALS UNDER FEDERAL CIVIL RULE 12(b)(1) THROUGH (5), INCLUSIVE TO DISMISS THIS CASE**

**filed April 30, 1974**

Lee Pharmaceuticals, named defendant in the subject case, hereby moves the Court to enter an order dismissing the action pursuant to the provisions of Federal Civil Rule 12(b)(1) through (5), inclusive, on all or any of the grounds of lack of jurisdiction over the subject matter, lack of jurisdiction over the person of the defendant, lack of venue in this Court as to Lee Pharmaceuticals, insufficiency of process and insufficiency of service of process.

**GROUND FOR THE MOTION**

The present motion is based upon the following grounds:

1. The process issued against Lee Pharmaceuticals from this Court is insufficient and defective.
2. The attempted service of process from this Court upon Lee Pharmaceuticals is insufficient as a matter of law, defective, null and void.
3. The complaint contains no allegation of venue. It is believed that Lee Pharmaceuticals is not subject to venue in this district. The burden to demonstrate the existence of venue rests upon the plaintiff as a matter of law. In this case plaintiff has not even averred facts which could form the basis for proper venue, much less offered proof that venue is proper.
4. This Court lacks personal jurisdiction over the defendant, Lee Pharmaceuticals, and hence is without power to act relative to such defendant's substantive rights.
5. This Court lacks jurisdiction over the subject matter of this action including each and every claim for relief made by plaintiff in its complaint and hence is



without power to grant the relief sought by the complaint.

The present motion is not accompanied by a supporting brief because of the fact that the Court's oral direction made in open court on April 26, 1974 that the defendant appear specially to assert its various defenses under Federal Civil Rule 12(b)(1) through (5), inclusive in open court on April 30, 1974 in effect afforded only one (1) business day for the preparation of this motion and the affidavit required by the Court; in the premises no time for preparation of a brief in support of the motion was available.

## AFFIDAVIT

MARY HELEN SEARS, being duly sworn, deposes and states:

1. I am a lawyer, duly admitted to practice before the highest courts of each of the State of Virginia and the District of Columbia, as well as before the Supreme Court of the United States and the United States Courts of Appeals for the Third, Fourth, Fifth, Seventh, Tenth and District of Columbia Circuits.

2. I am one of counsel for Lee Pharmaceuticals of South El Monte, California, the corporation sought to be named as a defendant in Action 74 Civ. 567 in the United States District Court for the Eastern District of New York.

3. I hereby state that I appear specially in the United States District Court for the Eastern District of New York in Action 74 Civ. 567 on behalf of Lee Pharmaceuticals, solely for the purpose of asserting the special defenses under Federal Civil Rule 12 of insufficiency of process, insufficiency of service of process, lack of venue, lack of personal jurisdiction over the putative defendant Lee Pharmaceuticals and lack of subject matter jurisdiction over the action, and that I make no appearance in said Action 74 Civ. 567 for any other purpose whatever.

4. This affidavit is presented at the request of the Court, notwithstanding affiant's understanding that special appearances have been abolished under the Federal Rules of Civil Procedure.

Sworn to and subscribed before me this 29th day of April, 1974.

## AFFIDAVIT

STATE OF NEW YORK                    )  
  )   SS.:  
COUNTY OF WESTCHESTER        )

MARTIN J. SPELLMAN, JR., being duly sworn, deposes and states:

1. I am a lawyer duly admitted to practice before the highest courts of the State of New York and the Commonwealth of Virginia, as well as United States District Courts for the Eastern District of New York, the Southern District of New York, and the District of Columbia, and the United States Court of Customs and Patent Appeals.

2. I am one of counsel for Lee Pharmaceuticals of South El Monte, California, the corporation sought to be named as a Defendant in action 74 Civ. 567 in the United States District Court for the Eastern District of New York.

3. I hereby state that I appear specially in the United States District Court for the Eastern District of New York in action 74 Civ. 567 on behalf of Lee Pharmaceuticals, solely for the purpose of asserting the special defenses under Federal Civil Rule 12 of insufficiency of process, insufficiency of service of process, lack of venue, lack of personal jurisdiction over the putative defendant, Lee Pharmaceuticals, and lack of subject matter jurisdiction under the action, and that I make no appearance in said action 74 Civ. 567 for any other purpose whatsoever.

4. This affidavit is presented at the request of the Court notwithstanding affiant's understanding that special appearances have been abolished under the Federal Rules of Civil Procedure.

Sworn and subscribed to before me this 29th day of April, 1974.

## AFFIDAVIT

filed April 30, 1974

STATE OF NEW YORK     )  
                              ) SS.:  
COUNTY OF NEW YORK    )

THOMAS W. TOWELL, JR., being duly sworn, deposes and says:

I am an attorney associated with Rogers & Wells, attorneys for plaintiff Ceramco, Inc. On April 26, I appeared before the Court to argue plaintiff's motion for a preliminary injunction to restrain defendant Lee Pharmaceuticals ("Lee") from infringing plaintiff's trademark "Genie." At that time the only paper submitted by defendant was a letter addressed to the Court from defendant's counsel stating, among other things, that it considered plaintiff's motion void, and also claiming lack of jurisdiction. At that time the Court ordered the defendant to submit proper papers on any jurisdictional or other special issues it wished to raise, and ordered the parties to return to the Court on Tuesday, April 30th. At this time I do not know exactly what issues will be raised by defendant or on what basis it claims lack of jurisdiction. However, in anticipation of a motion, I submit this affidavit to bring certain relevant facts of which I have knowledge to the Court's attention.

On April 2, 1974, prior to the institution of this action, I personally placed a call to Lee's home office in South El Monte, California, telephone No. (213) 442-3141. I asked for and was referred to the Order Department. When the Order Department answered, I stated I was interested in Lee's Genie dental adhesive product and inquired whether Lee had any dealers in New York who sold this product in the New York City area. I was informed that there were a number of dealers in Manhattan, Brooklyn and



the surrounding areas. I inquired for the names of some of the Manhattan dealers that I might call. I was then told that Rower Dental Supply Company, 331 West 44th Street, New York, New York, and Dental Equipment Specialists, Inc., 123 East 24th Street, New York, New York, handled the product. I was also informed that Rower was one of the Healthco companies. I then placed a call to Dental Equipment Specialists, Inc. and inquired whether it handled and sold the Genie bracket adhesive made by Lee, and was informed that it did so.

On April 29, 1974, I repeated this process, this time asking Lee's Order Department for a dealer in Brooklyn, New York. I was told that Irving Penchuk, dental supplies, 1998 Nostrand Avenue, Brooklyn, New York, handled the Lee products. I then placed a call to the Penchuk office and asked whether it stocked and sold the Lee Genie dental bracket adhesive, and again the response was an affirmative one.

On April 29, 1974, I also spoke with the merchandise department of Healthco, Inc., Boston, Mass., a large dental supply company which sells and distributes in most states on the East coast. I was informed by the merchandise department at Healthco that it carried the entire Lee product line, including the Genie dental adhesive and, further, that all of its branches, including New York branches, carried the line. As noted above, in my April 2nd conversation with the Lee Order Department, I was informed that Rower Dental Supply Company, New York City, New York was one of the Healthco companies.

Based upon the foregoing, it is clear that Lee's products are sold extensively in New York and it is likely that defendant is "doing business" in New York under CPLR 301. More importantly, it is absolutely clear that jurisdiction exists over defendant under CPLR 302, New York's long-arm statute. Defendant's dental product under the Genie mark is distributed and sold in New York,

and the cause of action arises out of this transaction of business by defendant. Every such sale, whether directly or through an intermediary, constitutes a tort against plaintiff within the State of New York where plaintiff's Genie product is also sold. Defendant's acts also constitutes a tort committed outside the State (at the place of manufacture in California) which has caused injury to plaintiff within the State of New York. If jurisdiction exists under 301 or 302, out-of-state service is proper under CPLR 313. Submitted herewith is a short memorandum of law citing cases on this point.

Sworn to before me this 29th day of April, 1974

## PLAINTIFF'S MEMORANDUM

filed April 30, 1974

This short memorandum is respectfully submitted by plaintiff in anticipation of defendant's motion claiming lack of jurisdiction to bring a number of relevant cases to the Court's attention. The instant action is one for trademark infringement and unfair competition. Plaintiff seeks a preliminary injunction restraining defendant's use of the trademark "Genie." The facts concerning the action are set forth in the verified complaint and in the affidavit in support of the motion for injunctive relief, and will not be repeated here.

It is clear, even at this preliminary stage, that defendant's products, including the infringing product, are sold extensively in New York and other states by various dental supply houses. Thus defendant is probably doing business in New York under CPLR 301.

Alternatively, jurisdiction exists under CPLR 302, the long-arm statute. Plaintiff's home office is located in this district and its product is sold in this district. The fact that defendant's infringing product is also sold here constitutes a cause of action arising out of defendant's transaction of business within the State (CPLR 302 (a)1); defendant's commission of a tortious act within the state (CPLR 302(a)2); and defendants' commission of a tortious act without the state (California) where the product is manufactured and labeled causing plaintiff injury within the state (CPLR 302(a)3). . . . If jurisdiction exists under either CPLR 301 or 302, out-of-state service is proper under CPLR 313.

In *Car-Freshner Corp. v. Broadway Mfg. Co.*, 337 F. Supp. 618 (S.D.N.Y. 1971) defendant was charged with infringing plaintiff's mark and unfair competition. Defendant, a New Jersey corporation, moved to dismiss on grounds of lack of jurisdiction; improper service and improper venue. Defendant's products, including the infring-

ing product, were sold in New York and in the Southern District through manufacturing representatives. Service was made on defendant's shop foreman at defendant's place of business in New Jersey. The Court denied the motion on all grounds, stating (at p. 619-20):

"This Court recently held that a trade mark and unfair competition dispute such as herein involved was not only related to, but 'arose' in the judicial district in which the products of the parties are sold, that New York CPLR § 302(a) (McKinney 1970) provides that personal jurisdiction over a non-resident is obtainable by out-of-state service, and that Title 28 U.S.C. Section 1391 (a) and (b) permit venue in a judicial district where the 'claim arose'. *Carter-Wallace, Inc. v. Ever-Dry Corp., supra.*

"Defendant's alleged infringement and unfair competition of which plaintiffs complain is a tortious act occurring within and without the State of New York, causing injury to plaintiffs in this state. *Samson Cordage Works v. Wellington Puritan Mills, Inc., 303 F.Supp.155, (D.R.I.1969).*

" '[I]n cases of trade-mark infringement and unfair competition, the wrong takes place not where the deceptive labels are affixed to the goods or where the goods are wrapped in the misleading packages, but where the passing off occurs, i.e., where the deceived customer buys the defendant's product in the belief that he is buying the plaintiffs'. *Vanity Fair Mills, Inc. v. T. Eaton Co., 234 F.2d 633, 639 (2d Cir.), cert. denied, 352 U.S. 871, 77 S.Ct. 96, 1 L.Ed.2d 76 (1956).* (Footnote omitted.)"

In *Carter-Wallace, Inc. v. Ever-Dry Corporation*, 290 F.Supp. 735 (S.D.N.Y. 1968), a declaratory judgment action involving claims that plaintiff's use of the words "Extra Dry" on its Arrid deodorant constituted unfair competition and infringed defendant's use of the same



words on similar products, the Court dismissed defendant's motion to dismiss for lack of jurisdiction and improper venue. Defendant, a Tennessee corporation with offices in Memphis, did not have property, offices or employees in New York. However, defendant had a growing nationwide business, and its products were sold in New York through independent sales representatives. All orders were sent to and accepted at defendant's Memphis office. After finding that jurisdiction existed under CPLR 301, based upon the totality of defendant's contacts with New York, the Court went on to discuss jurisdiction under CPLR 302 (at p. 739-40)

"Section 302(a), N.Y.C.P.L.R., provides that personal jurisdiction over a non-resident may be acquired by out-of-state service of process in a suit arising out of the non-resident's transaction of business in New York; and Title 28 U.S.C. § 1391(a) and (b) permit venue in a judicial district where the 'claim arose.'

"Regardless whether the instant suit is deemed to invoke jurisdiction over the subject matter based on diversity of citizenship or a federal question, it appears that Carter-Wallace's claim that it is entitled to use the words 'Extra Dry', free and clear of Ever-Dry's assertion of a trademark therein, arose at least in part as a result of transaction of business in this district. The instant suit grows out of the fact that both parties sell their respective products bearing the words 'Extra Dry' throughout the country and that one of the most important markets where they have been sold is in this district. Charges of unfair competition were directed by Ever-Dry to Carter-Wallace at its headquarters here, based in part on the fact that both were using the words 'Extra Dry' on products sold here. Although the claim arose also in other districts, that fact would not derogate its having arisen here. Moreover, although Carter-Wallace's claim is in the

form of a suit for declaratory judgment, a dispute of substance has arisen here, regardless of the form in which it is presented, and injunctive relief is demanded."

In *Samson Cordage Works v. Wellington Puritan Mills, Inc.*, 303 F.Supp. 155 (D.R.I. 1969), another infringement action, claims of lack of jurisdiction, improper service and improper venue were all rejected by the Court, and jurisdiction was sustained under Rhode Island's long-arm statute.

See also *Doumaux v. Gurney*, 363 F.Supp. 1209 (E.D. N.Y. 1973), in which the Court found jurisdiction under CPLR 302(a)3 on the basis that plaintiff's cause of action was predicated upon the commission of a tortious act-fraud-outside New York which caused injury to plaintiff within New York.

**DEFENDANT'S INTERROGATORIES 1-14  
TO PLAINTIFF CERAMCO, INC.**

**filed May 7, 1974**

Defendant, Lee Pharmaceuticals, hereby propounds to the plaintiff, Ceramco, Inc. the following interrogatories relative to issues raised by defendant under Rules 12(b) (1) through (5), inclusive of the Federal Rules of Civil Procedure, such interrogatories to be answered in writing, under oath in accordance with Rule 33 of said Federal Rules of Civil Procedure:

1. With respect to paragraph 1 of the Complaint, please

(a) State the date on which Ceramco, Inc. was incorporated under the laws of the State of New York.

(b) State whether as of the date of the Complaint in this case, Ceramco, Inc. was an unincorporated division of its parent company, Johnson & Johnson.

(i) If the answer to Interrogatory 1(b) is anything but an unqualified yes, state all facts upon which the answer is premised and include as a part of the answer in addition to the facts an identification of persons up to a number of five upon whose testimony Ceramco will rely to establish the truth of the answer and an identification of all documents known to Ceramco which tend to support the answer or which otherwise relate to its truth or untruth.

2. With regard to the allegations of paragraph 3 of the complaint, state each and every fact presently contended by Ceramco to afford any part of the basis for its claim to relief under 28 U.S.C. 1338(a) and 15 U.S.C. 1121 and include as a part of the answer an identification of persons in privity with Ceramco up to the number of five who have personal knowledge of such facts and an identification of all documents now known to Ceramco which relate or pertain to such facts.

3. With regard to the allegations of paragraph 5 of the complaint,

(a) State all facts which are the basis for the contention that either Culver Laboratories, Inc. or the Wilkinson Company, separately or jointly at any time had any right, title or interest in the name "Genie" used alone and all facts upon which it is contended that the name "Genie" was at any time a trademark of either Culver or Wilkinson or both. Include as a part of the answer an identification of persons in privity with Ceramco up to a limit of five who have personal knowledge of the facts identified and an identification of all documents known to Ceramco which in any way relate or pertain to such facts.

(b) State all facts upon which Ceramco will rely in support of its contention of "good will associated with" the name "Genie" used alone on the part of either Culver Laboratories, Inc. or Wilkinson Co., or both of them, and include as a part of the answer an identification of persons in privity with Ceramco up to a limit of five who have personal knowledge of the facts stated and an identification of all documents known to Ceramco which in any way relate or pertain to such facts.

(c) State the amount which Ceramco will contend that it paid for the alleged "trademark Genie used alone" and identify all documents upon which Ceramco will rely to support the figure given.

(d) State the amount which Ceramco will contend that it paid for "the good will associated with" the alleged "trademark Genie" used alone and identify all documents upon which Ceramco will rely to support the figure given.

4. With respect to the allegations of paragraph 6 of the complaint, state all facts upon which Ceramco will rely to support the allegation that "the product [correc-



tive composition] is an integral part of plaintiff's line of dental products" including as a part of the answer a full statement of facts concerning when and where Ceramco commenced to manufacture such product, the date at which Ceramco first sold such product, the name under which the product was first sold and an identification of each city and state in which it has been sold by Ceramco. Please include as a part of the answer an identification of persons in privity with Ceramco up to a limit of five who have personal knowledge of the facts asserted and an identification of all documents known to Ceramco which in any way relate or pertain to such facts.

(a) State whether Ceramco has at any time sold the corrective composition in the United States under a name other than Genie, Gold Genie, Ceramic Metal Genie, CM Genie or Fiber Metal Genie. If the answer is anything other than an unqualified no, identify each name under which Ceramco has previously sold the product and supply the dates on which the sales were made and the city and state in which each sale was made.

(b) Has Ceramco at any time since April 1973 utilized the name "Genie" alone to identify any product sold by it? If the answer is anything other than an unqualified no, describe in full the circumstances under which each use of the name Genie alone was made and include as a part of the answer an identification of persons in privity with Ceramco up to the number of five who have personal knowledge of such facts and an identification of all documents known to Ceramco which in any way relate or pertain to such facts.

5. With respect to the allegations of paragraph 8 of the complaint,

(a) State all facts which are the basis for the allegation that plaintiff Ceramco has "devoted substantial time,

money and effort to the development of the good will inherent in the Genie trademark for dental products" and include in the answer an identification of persons in privity with Ceramco up to a limit of five who have personal knowledge of such facts and an identification of all documents known to Ceramco which in any way relate or pertain to such facts.

(b) Identify each and every instance in which "the Genie trademark" has been advertised by Ceramco, including as a part of the answer an identification of each publication in which the advertisement has appeared and its date.

(c) State each and every fact upon which Ceramco will rely to support its allegation that "the mark Genie has become familiarly and favorably known in the trade as indicating a dental product originating with plaintiff [i.e., Ceramco]" and including as a part of the answer an identification of persons in privity with Ceramco or otherwise known to Ceramco who have personal knowledge of the facts stated and an identification of all documents known to Ceramco which in any way relate or pertain to each such facts.

6. With respect to the allegations of paragraph 9 of the complaint state each and every fact upon which Ceramco will rely to establish its allegation that "the trademark Genie, alone . . . "has come to identify and is understood to identify, throughout the United States, plaintiff's product only" and include in the answer an identification of all persons known to Ceramco who have knowledge of any such facts and all documents known to Ceramco which in any way relate or pertain to such facts.

7. With respect to the allegations of paragraph 11 of the complaint,

(a) State fully the basis for the allegation "upon information and belief" that "defendants adoption and use of the trademark Genie was with full knowledge of plain-

tiff's use of the trademark Genie", identifying fully the sources of each item of "information" and "belief" upon which this allegation is premised, all documents which in any way relate or pertain to any such information and belief and all persons in any way involved in accumulating the "information" or formulating the "belief".

(b) With respect to the allegation that "defendant's aforesaid acts have been committed with the intent of misleading purchasers and with the purpose of appropriating to itself the good will developed by plaintiff in the dental product field", state fully the basis for Ceramco's imputation to Lee Pharmaceuticals of the intent to mislead purchasers or the purpose to misappropriate alleged good will of Ceramco, including an identification of all persons known to Ceramco who have knowledge of any such intent or purpose or who participated in formulating any belief as to such intent or purpose and an identification of all documents which are in any way pertinent to any such alleged intent or purpose.

8. State each and every fact upon which Ceramco premises the allegations of paragraph 12 of the complaint, including an identification of all persons who furnished any information upon which the allegations are premised and an identification of all documents in any way relevant to such allegations.

9. With respect to the allegations of paragraph 13 of the complaint, state each and every fact upon which these allegations are premised, identify all persons in privity with Ceramco who have knowledge of any facts so identified, and identify all documents which in any way relate or pertain to such facts.

10. With respect to the allegations of paragraph 14 of the complaint,

(a) identify the "written notice to defendant" therein referred to;

(b) state fully the basis for the assertion that defendant "will continue to use" the trademark Genie "unless enjoined", including as a part of the answer an identification of all persons in privity with Ceramco having knowledge of such facts and all documents which in any way relate or pertain to such facts.

11. With respect to allegations of paragraph 15 of the complaint, identify each and every fact which forms the basis for these allegations including as a part of the answer an identification correlated to each fact supplied of persons in privity with Ceramco who have personal knowledge of the facts and of all documents which in any way relate or pertain to that fact.

12. With respect to the allegations of paragraph 15 of the complaint, state in detail how Ceramco contends that any activity of Lee Pharmaceuticals in any way gives rise to a claim on the part of Ceramco for relief within the confines of the United States District Court for the Eastern District of New York, including as a part of the answer an identification of all documents in any way relevant thereto.

13. With respect to the allegations of paragraph 17 of the complaint, state precisely the basis upon which Ceramco has determined that "the amount in controversy exceeded the sum of \$10,000, exclusive of interest and costs", including as a part of the answer a full explanation of the underlying calculation and identification of all persons who made such a calculation and an identification of all documents in any way pertinent thereto.

14. With respect to the allegations of paragraph 20 of the complaint, state in detail the basis upon which it is contended by Ceramco that Lee Pharmaceuticals has in any way unfairly competed with Ceramco in contravention of either the common law of the state of New York or Section 368(d) of the New York General Business Law and identify all documents which are in any way relevant to such contentions.



**DEFENDANT'S FIRST REQUEST UNDER RULE 34  
FOR THE PRODUCTION OF DOCUMENTS**

filed May 7, 1974

Defendant, Lee Pharmaceuticals, requests the following documents pursuant to Federal Civil Rule 34 in aid of its pending motion to dismiss under Federal Civil Rule 12 (b).

Plaintiff, Ceramco, Inc., is requested to produce all documents in its possession, custody or control which are included within any of the following categories:

1. All documents not previously produced which fall within the scope of the request set forth in numbered paragraphs 1 through 7 of the letter of May 6, 1974 from Edward S. Irons, defendant's counsel, to Thomas W. Towell, Jr., plaintiff's counsel.
2. Originals of all advertising distributed to the trade relating to any of the plaintiff's products here in issue.
3. All documents which relate or pertain to or which indicate where and to whom the defendant's products in issue in this litigation have been sold.
4. All documents which relate or pertain to the sworn representation in H. Gordon Pelton's Affidavit in Support of the Order to Show Cause (hereinafter referred to as the "Pelton Affidavit") that "Culver and Wilkinson expended a great deal of time, effort and expense, including national, regional and point of sale advertising in promotion in the dental product field to develop a market for the Corrective Composition under the GENIE trademark" (p. 3).
5. All documents which relate or pertain to the "sales" and "advertising expense" identified on page 3 of the Pelton Affidavit.
6. All documents which relate to the averment in the Pelton Affidavit that "Ceramco, since purchasing rights

to the product and the good will associated with the trademark, has continued to develop a market for the product under the GENIE trademark" (p. 3).

7. All documents which relate to or which tend to support the sworn representation in the Pelton Affidavit as to "sales by Ceramco" and to "advertising and promotion expense" (p. 5).

8. All documents which relate or pertain to or which constitute the alleged "introductory promotion mailing" to which reference is made in the Pelton Affidavit (p. 4).

9. All documents which relate or pertain to the representations concerning defendant Lee Pharmaceuticals which are set forth in the paragraph beginning in the middle of page 4 of the Pelton Affidavit.

10. All documents which relate or pertain in any way to the averments set forth in the second and third complete paragraphs on page 5 of the Pelton Affidavit.

11. All documents which relate or pertain to the sworn representation that "Ceramco will suffer irreparable damage" if "Lee is allowed to continue to use the GENIE trademark in the dental product field" (p. 6).

12. All documents which relate or pertain to any of the sworn allegations which are set forth in Paragraphs 1, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17 and 20 of the Verified Complaint.

#### *Time, Place and Manner of Making Production*

The offices of Rogers & Wells, 200 Park Avenue, New York, New York, at 10:00 a.m. on the morning of Thursday, June 6, 1974, is specified as the time, date and place for the making of the requested production of documents for inspection and copying. Plaintiff is requested to produce the original and all existing copies of each of the requested documents for inspection and copying by the defendant.

**NOTICE OF DEPOSITIONS****filed May 7, 1974**

Defendant will take the depositions of the following persons at 9:30 a.m. May 9, 1974 at the United States Court House for the Eastern District of New York, 225 Cadman Plaza, Brooklyn, New York:

H. Gordon Pelton—President of Ceramco, Inc.

James Sleininger—Vice President of Sales of Ceramco, Inc.

Michael J. Ryan, Jr.

and pursuant to Rule 30(b)(6) of the Federal Rules of Civil Procedure, the testimony of Ceramco, Inc., Long Island City, New York and Johnson and Johnson, Inc. of New Brunswick, New Jersey through any other persons in their employ or subject to control of said companies that are competent to testify as to any facts on which Plaintiff will rely at the May 9, 1974 hearing before Judge Costantino.

## TRANSCRIPT OF APRIL 26, 1974 HEARING

filed May 15, 1974

[3] MR. SPELLMAN: We represent Lee Pharmaceuticals. I am appearing here today out of respect for the Court, specifically not in response to the show cause order which we believe is void, your Honor, as this was set forth in Mr. Irons' letter to the Court dated April 23, and I have no authority to take any other position at this time.

THE COURT: You are just appearing specially, then, is that right?

MR. SPELLMAN: Yes. I don't have any authority to take a position contrary to what he stated in his letter, other than to state that we intend to file opposition to his service and jurisdiction and any other matters under Rule 12 within twenty days after the purported service.

THE COURT: All right.

MR. TOWELL: Your Honor, of course if they want to make a jurisdictional motion that is certainly their right. We do believe we have a problem which is in the proper realm for a preliminary injunction and a hearing, and if they want an evidentiary hearing it should be. We did look into the matter of jurisdiction before we brought the suit.

There are cases in the Second Circuit that [4] trademark infringement and unfair competition is a tort within the state where the product is sold and there is no question that their product is sold in the state, whether they do it through a distributor or a salesman, I don't know, I haven't personally talked—I have personally talked to two distributors in New York City who have said they sell this product.

Certainly they can make their motion, but we do believe we have a right to a preliminary injunction or a hearing on a preliminary injunction.



THE COURT: In any event, the rule in paragraph 1 of your letter, Rule 4, does not apply to an order to show cause.

MR. SPELLMAN: I have not personally read the letter, your Honor.

THE COURT: I don't want you to place that on the record, that is why we are making a record. You said you were appearing, and I said specially. I gave you the opportunity of appearing specially.

Now I tell you that Rule 4 does not apply to an order to show cause and you have not read the letter. You are the gentleman that is supposed to know what is in the papers that are submitted to the Court. I am only supposed to sit up here and decide [5] whether I am intelligent enough to give a reasonable answer to the statements that you are making.

MR. SPELLMAN: I state that I have no authority to make—

THE COURT: They shouldn't send you here then if you don't have authority. They should send someone down with authority.

You can see we are busy enough without trying to find out who has authority to talk to the Court. You still can come in on a void matter on a special appearance. You don't waive anything on a special appearance, that's why they have special appearances in the courtroom, you know that. Just because you file a letter and it is void that doesn't mean you disregard the whole thing.

If you didn't show up, I tell you right now I would have granted whatever they wanted. Why didn't you file an affidavit on a special appearance giving notice to the Court as to the reasons why you are appearing specially.

That is how it is supposed to be done. That is the rules. That is practice, pleading and practice, that is simple; it doesn't change from state court to federal

court, pleading and practice is the same no matter where it is. If you appear [6] generally then you are in trouble. If you appear specially then I must take into consideration why you are appearing specially.

If the special appearance is such that I find the order to show cause then is void then I would say so and you would have no standing before the Court and I would dismiss it. But as you stand now, I don't even—this letter, I need not even accept it, I can take it and do anything I want.

I know some judges throw things around, I don't do that because I respect the fact that the lawyer took the time to have his secretary type out the letter to send it to the Court. It is not a good way to practice in this court.

MR. SPELLMAN: The point I'd like to make, your Honor, we are not trying to interpose—

THE COURT: I said that if you—

MR. SPELLMAN: We will make the answer twenty days after the purported service.

THE COURT: In the meantime you are selling your product and he says you have no right to sell it, and the Court sits on your twenty days. That's very fine. That's a good way to practice in the office when you talk to each other. We have a way to solve this one, we'll get another twenty days out of it. [7] But it doesn't work in my court, it didn't work last year with the Scoota case on the, on the telephone case, the radio case. It won't work in the Geni case. On a case of this type where there are products being sold to the public, when a motion is being made, the attorney must be present to argue the question of whether or not there is an infringement or not, whether you have a right to use the title or not.

That is why they brought the order to show cause because there must be some monetary loss, I assume. Is there?

MR. TOWELL: We do claim some monetary loss, your Honor. Our immediate problem is the use of the name.

THE COURT: You wanted this all on the record. Now I put it on.

MR. SPELLMAN: Begging the Court's indulgence, on the matter of the timeliness and the urgency for the preliminary injunction, I would like to state—

THE COURT: This is what I will do—

MR. SPELLMAN: We responded to a letter of theirs in January. We never heard of anything until three months—

THE COURT: That's lawyer talk. I am not concerned with what lawyers do amongst themselves in [8] their office, inter-building or inter-county. I am concerned with what lawyers do as far as the Court is concerned in pleading and practice, and it is not being done here.

I will give you until Tuesday morning to file before this Court a special appearance with your proper papers to indicate the reasons why you say this Court has no jurisdiction or has no right to take part of the venue of this matter.

MR. SPELLMAN: Thank you, your Honor.

THE COURT: Tuesday morning.

MR. TOWELL: Should we return Tuesday morning?

THE COURT: Absolutely. If he doesn't come, come yourself.

\* \* \* \*

## TRANSCRIPT OF APRIL 30, 1974 HEARING

filed May 15, 1974

[3] THE CLERK: Civil motion, Ceramco v. Lee Pharmaceuticals.

THE COURT: All right.

MS. SEARS: Your Honor, I want the record to clearly show that I am here this morning out of respect for the Court and only out of respect for the Court and not because I consider these proceedings to be anything other than completely null and void.

I have filed with the Court this morning, pursuant to your Honor's oral direction of last Friday, as I understand it, the motion of Lee Pharmaceuticals under Federal Civil Rule 12(b) Subsections 1 through 5 inclusive, to dismiss this case, and I ask your Honor to at this juncture please grant me some time in which to take some discovery of this plaintiff because I strongly challenge some of the statements in the sworn complaint and so on relative to the 12(b) 1 through 5 issues, and I think that I am entitled to discovery to establish what the true facts are as to process and service of process, venue, lack of jurisdiction over the subject matter and lack of jurisdiction over the defendant personally.

THE COURT: Did you make a motion for discovery?

MS. SEARS: Well, your Honor, I hereby make one to you right here.

[4] THE COURT: Why didn't you make that on written papers? Is there any reason why you didn't? You could still appear specially and make a motion for discovery.

MS. SEARS: Well, your Honor, the pressure of time, which was only one business day intervening, and I might say to your Honor on that very business day I had a major appeal brief due in the Court of Appeals for the District of Columbia circuit, which caused it to be very difficult for me to comply with this order.



I have done the best I can within the time you afforded, which wasn't very much.

THE COURT: There is more than one attorney in your law firm. You are not a single practitioner, it is quite a large law firm. Someone could draw a discovery motion setting forth what you desire.

MS. SEARS: Your Honor, I am afraid it wasn't possible. My office has been very, very involved in several other matters, including some major multi-district litigation in the Southern District of Florida, and if you want a showing about this, I'd be glad to make one.

THE COURT: I don't want to see it. I just know that when—each case that comes into your [5] office must be handled by someone. I am sure you don't lay it aside and say "I'm not working on this because I'm too busy with other cases." I am positive you don't work that way. I am not taking issue with your office at all, but it is my first time in all the time that I have been sitting here now that I have run into this problem where papers are not submitted to me.

I can see it in the state courts, and I haven't found it in the federal court at all. This is the first time I have found this type of excuse, and it is in this case.

MS. SEARS: Your Honor, might I say to you that under the Federal Rules of Civil Procedure we had twenty days from the date on which the summons purportedly was served, and I say "purportedly" because the service was not proper, in which to respond by way of answer or motion to dismiss.

THE COURT: No one denies that.

MS. SEARS: We haven't been afforded that twenty days.

THE COURT: I am not asking you to answer. You were requesting the Court that you wished to make a motion for discovery and I said if you wish to do so there is no time on that, you could have [6] done that the very day you received the papers.

If you determined that the proceeding is null and void and you are not going to appear in court, that's your business but there if there is no opposition to the proceeding it goes by default.

MS. SEARS: Under the federal rules no motion for discovery is necessary.

I'd simply ask your Honor's leave to proceed to take discovery.

THE COURT: I never even raised the issue. You made the request that you wanted a motion for discovery. I never said it was necessary. If you want it, I said then you should file proper papers so the Court can review the reasons for your discovery and the reasons for your asking it, and if I find it meritorious I would grant it.

If it is necessary to interpose a defense, either jurisdictional-wise or otherwise, the Court would grant it.

MS. SEARS: Your Honor, I made a request for more time in which to be afforded an opportunity for discovery and to brief this case possibly and I still make that request.

THE COURT: You sent a letter to the Court—it wasn't a letter, I don't know what it is, but I [7] am certain we don't practice that way in the federal court where you submit a letter to the court and say I don't agree with what the papers say and I find it null and void and I am not going to appear. That is the first time I have run into that in this court and I will not accept it. That's not the way you answer a motion. If you want to appear specially you say I hereby appear specially and find the Court has no jurisdiction. There is nothing wrong with that, that is the proper way of doing it.

This isn't my first time sitting on the bench and it won't be my last time.

MS. SEARS: Your Honor, I am here to deal with the matter in the way you wish, but I would ask you at this point—

THE COURT: You will find that I run this courtroom as I see it, and I will demand that it be run as I want it to be run and the papers will be submitted as I say. I am not a stickler on papers at all, but I think there has to be some formality. It's not an informal court and that formality will be followed.

MS. SEARS: I am here this morning to ask you please to grant us a period of time in which to take discovery and file the proper brief on this motion [8] to dismiss.

THE COURT: How long will that take?

MS. SEARS: Your Honor, I would like to have about fifteen days.

MR. TOWELL: May I be heard?

THE COURT: Yes.

MR. TOWELL: On the jurisdictional motion raised by the defendant, I realize they have had a time problem, but other than to state the fact in an attorney's affidavit after raising the issue there is absolutely no facts alleged even though we have submitted affidavits saying they sell throughout the United States, the product is sold in New York.

I have submitted an affidavit this morning which I prepared not exactly knowing what the issues would be, but about telephone calls I have made to Lee Pharmaceuticals and they have told me their New York dealer, they have them in Brooklyn, they have them in Manhattan. They deal through a Healthco organization, which is a dental supply house throughout the East Coast. There are a number of facts raised which I believe show, initially at least, that jurisdiction exists in this court.

We have submitted a brief that shows, based upon cases decided in this district, that in a trademark infringement and unfair competition case, [9] under CPLR 302 jurisdiction exists here because if the produce is sold here, because it is a transaction of business here and it also is a tort here.

In a similar, although different factual situation, your Honor, in the recent case involving Gerney, the automobile case, found under 302 that a fraud committed outside the state, which causes someone injury here establishes jurisdiction.

THE COURT: That is my case.

MR. TOWELL: Yes, your Honor.

Finally, on the discovery, of course, I can tell everything we know about discovery and the way it was served, we don't need discovery on that.

The facts, if they are going to contest jurisdiction about their doing business in New York, if they want to dispute it, the defendant has the facts. We would be the one, if they raised proper papers establishing that there is a good-faith jurisdictional issue—I don't mean to say good faith, if there is a good dispute on the facts as far as jurisdiction, then we would have the right to take discovery solely on the jurisdictional issue.

They have the facts about their sales, they have the facts about where this product is sold, who they sell to. There is no question that the papers [10] were served on Lee in California by Pinkerton Agency pursuant to an order entered by this Court allowing service by a Pinkerton. There is no question about that.

Venue, that is a matter of law once the facts are shown. It is not what we have discovered by making phone calls or by looking at stock reports or anything like that that are the issue here. The issue here is their jurisdiction, which they have the facts on. If they need, after discovery is taken initially, if they need discovery from us we are not going to oppose that, but I would think that they ought to come forward first with contesting affidavits of facts so we know what we are dealing with here.

THE COURT: I just read their affidavit and I don't see anything—

MS. SEARS: Your Honor, I want to be heard.



THE COURT: All right.

MS. SEARS: In the first place, although jurisdiction is one of the things we question, we question the process itself issuing from this Court. We question the sufficiency of the service of the process. We question venue as to which no allegation is even made in the complaint or—  
[11] THE COURT: If you are contesting the service itself it would be a matter of traverse and we can have a hearing on that.

MS. SEARS: Your Honor, I want to take the deposition of the process server—

THE COURT: Bring in the process server or anyone else that you say did serve or did not serve or did something wrong, we will have a hearing and have a traverse.

MS. SEARS: I want to take the deposition of this David Dobbins who filed an affidavit that was never served upon me in support of an application for appointment of somebody to serve the summons and complaint in California, and I submit to your Honor the affidavit is not correct.

THE COURT: You can do that now and I will set it down for a hearing. You need not file a paper on that. We can do it at this moment. Set it down for a hearing, bring the process server or whomever you want. We will ask him the questions and find out whether he did or did not.

MS. SEARS: Your Honor, I think I can do it more expeditiously if I can proceed and do it by deposition because I can handle all my issues at once.

[12] THE COURT: I would say it would be done more expeditiously if you bring him in and in fifteen minutes I'll find out whether he is telling the truth or not.

MR. TOWELL: If Mrs. Sears says—

MS. SEARS: Ms. Sears.

MR. TOWELL: I'm sorry. If Ms. Sears says Pinkerton can't serve that, that is a legal issue. If they say this Court can't enter an order ex parte allowing them

to serve, but they can't deny the fact that a man from Pinkerton went up to Mrs. Lee in California and served her, they can't fight that.

If they want to go out to California and take that man's deposition, fine. I would think Mrs. Lee ought to come up and say we were not handed this service.

THE COURT: Is that man present in this state?

MR. TOWELL: He is in California.

MS. SEARS: Mr. Towell is deliberately talking about facts which are not the ones to which I am trying to address myself.

Now, I seriously challenge the veracity of the jurisdictional allegations in this one complaint in this action, and I have a right to examine the person who made them.

[13] I also seriously question the veracity of this affidavit of Mr. Dobbins who induced the Court to appoint a special process server.

Furthermore, I want to know the manner in which the process was effected because I don't think it was proper. But my primary challenge here is to the veracity of the jurisdictional allegations of the sworn complaint, and I believe I am entitled to take the person's deposition.

THE COURT: Who is going to determine the jurisdictional issue, you or I?

MS. SEARS: Your Honor, you are in the end, of course.

THE COURT: I hope so. It sounds like you are going to do it, from where I am sitting.

MS. SEARS: I have the right to present the deposition to you on this so you can judge the facts.

THE COURT: I would like to have the persons themselves and find out whether or not they are telling the truth, that is what I would like to do.

I don't want to run through pieces of paper to read it. I would like to have it on a traverse situation.

MS. SEARS: I have no objection to a hearing, but

if we have one I would like to have some time [14] afterward in which to brief the issue.

THE COURT: What's that?

MS. SEARS: Your Honor, I have no objection to having a hearing, if that is what your Honor wants, but I would like to have—

THE COURT: I think it's necessary. Do you have objection to it?

MR. TOWELL: No, your Honor.

MS. SEARS: But I would like to have some time after it in order to brief the issues.

THE COURT: Absolutely. You will never be denied that right in my court. You will be denied no rights in this court whatsoever. You will receive every right that you are entitled to and you will have a right to make each and every motion that you are entitled to, and I will make a determination on each and every motion that you make.

I will neither procrastinate nor will I sit on it, nor will I waive any of the judgments I am supposed to make; you will get those.

But I do know the case is important enough to both sides so that they have a determination from this Court and I do know that there is a claim of an infringement and someone has a right to know whether there is or is not, and that is what I intend to do.

[15] That is about as simple as I can put it and as succinctly as I can put it. Therefore we start with the beginning. You say service is improper? We find out from the Court whether service is improper or not and I will make that determination.

When do we do that?

MR. TOWELL: Well, your Honor, could we clarify—on a hearing, which I will certainly be happy to go forward with—the man is in California. Again, I would suggest that certain facts which are in their possession be brought forward to the Court, which can easily be

done by affidavit as to whether their product is sold in New York, whether these papers were handed to the defendant and as to that your Honor will make the decision then.

THE COURT: Do you want to do it that way? It's much cheaper.

MS. SEARS: Your Honor, let me say two things to you: Mr. Lee, Dr. Lee and Mrs. Lee, both of whom are among the principal officers of Lee Pharmaceuticals, are presently in Europe on business. I expect them back in the United States around May 20. It is not feasible for me to present anything before then until they get back here. It is just a practical problem.

[16] THE COURT: That was a practical problem from the first day the proceedings started.

MS. SEARS: It is the burden of the plaintiff to show jurisdiction, to show venue, to show sufficiency of process, and I don't think that I have to present affidavits of my client to discharge their burden.

THE COURT: All the plaintiff need do is offer into evidence the affidavit of service, that's all they need do and from there on you attack it. That is my knowledge of traverse, and I think I have handled maybe a few hundred.

MS. SEARS: Your Honor, I agree with you and I don't think that there is any point to my presenting any Lee affidavits in the premises. I think what I need to do is examine these people whom I have identified here, the person who verified the sworn complaint, the person who purported to verify the affidavit in support of the special process server, whoever knows the facts about the way the special process server was actually delegated to act here, and probably Mr. Towell also, since he has now seen fit to interject his own affidavit on issues of how he purportedly established the jurisdiction in this case.

[17] MR. TOWELL: Well, your Honor, of course the affidavit is not our sole support for the jurisdiction.



On Friday when your Honor ordered papers on the jurisdictional issues to be brought in, I did what I could do to bring certain facts which I think are relevant to the Court's attention.

Again, I have heard no denial that their product is sold extensively in New York and Brooklyn, and that is certainly an issue here, if they are going to fight on jurisdiction.

THE COURT: That it is or is not?

MR. TOWELL: It is sold in Brooklyn. I have not heard it denied. I have not heard it denied that these dealers we mention in the affidavit sell it. I have not heard it denied that Mrs. Lee received those papers from the process server.

THE COURT: You don't think that is sufficient jurisdiction for the Court?

MS. SEARS: No, your Honor, I don't. I don't think that it is necessary for me to deny anything one way or another. It is up to them to prove things.

There is no proof that any product is sold in this district and there is no proof of venue of any sort.

[18] THE COURT: The proof will come by way of testimony, eventually; it won't come by way of allegation.

I assume they intend to substantiate their complaint somehow. I assume you intended to defend against it eventually, if it should be found.

MS. SEARS: Your Honor, my motion of course intends to put them to their proof as to whether or not the product is sold here, among other things.

THE COURT: If that is so, we can have a hearing on that part of it if you desire; we can have a hearing as to whether or not they have proof as to the product being sold.

MS. SEARS: I might also add that—

THE COURT: And if it is being sold, of course the Court would have jurisdiction, there is no question about that.

MS. SEARS: Venue is a very specific requirement and I have not heard any allegation from Mr. Towell of any sort that would satisfy venue.

THE COURT: Any what? I didn't get that.

MS. SEARS: I have not heard or seen any allegation from this plaintiff Ceramco that would begin to satisfy the venue requirements in this district, and this is a serious problem, as I say. [19] My motion intends to put them to their proof and I would like to hear it.

THE COURT: I would, too. That makes two of us. What do we do then? When do you want to do that, on the question of venue?

MR. TOWELL: Tonight, your Honor? The plaintiff is located in this district. In my affidavit I state sales are made in this district, the transactions arise in this district under CPLR 302.

THE COURT: How about Friday of this week? [May 3]

MS. SEARS: Your Honor, I am under order to appear Friday morning in the District of Columbia to be appointed as counsel for an indigent defendant, and I already had to have it changed once and I can't do it again.

Could we have a different day?

THE COURT: How about Thursday morning, [May 2] that's a different day.

[MR. TOWELL: I would go along with Ms. Sears' request to go into next week, if possible only because Mr. Pelton will be—

THE COURT: I will check my calendar.]

MR. TOWELL: Could I ask that the defendants do either admit or deny some of these facts. There [20] is no question that our allegations on jurisdiction are based upon—

THE COURT: If you are talking about your complaint, they do have twenty days to answer.

MR. TOWELL: Solely on the jurisdictional issue.

There is no question but that our investigations by calling these people, some of which—

THE COURT: They would have a right to affirm or deny—

MR. TOWELL: For the purposes of a hearing, I don't want to get into a situation where we are just struck with hearsay objection because of investigations, good-faith investigations that have been made when there is no denial that a product is being sold here.

THE COURT: Do you want to give him some facts on the question of jurisdiction? We are trying to alleviate some of the problems.

MS. SEARS: I want to be very clear about something; Mr. Towell is, of course, free to ask interrogatories or requests for admissions on these subjects, and if he wants to ask them we will answer them to the best of our ability, but I am counsel, I am standing here today, I don't know if the particular product about which this lawsuit is concerned was ever [21] sold in this particular district or not. I have no personal knowledge of this and I have no derivative knowledge at this moment one way or another.

MR. TOWELL: That's why I would hate to get into a situation where—

THE COURT: You can get someone on the witness stand who says they know it has been sold. If they have handled the product, that's the end of that defense.

MR. TOWELL: I would believe initially, your Honor, the facts in my affidavit—

[THE COURT: That is not the proper manner. An affidavit is something that always causes problems. Bring in your witness.

Next Thursday morning [May 9]—not Thursday, [May 2], the following Thursday morning.

MS. SEARS: One week from Thursday?

THE COURT: Yes. 10:00 o'clock in the morning.]

\* \* \* \*

TRANSCRIPT OF MAY 9, 1974 HEARING

filed May 15, 1974

[3] MR. IRONS: I am here as counsel for Lee Pharmaceuticals—

THE COURT: By permission of the Court.

MR. IRONS: Thank you, your Honor, yes.

I want to make a record.

My request to the Court is that the record be kept open on this hearing so we can have the testimony of Mr. Pelton and Mr. Sleninger and I object to any further consideration—and I am quite serious—

THE COURT: No more than I—

MR. IRONS: (continuing)—further consideration of this complaint or action on the ground that the record before this Court shows that Mr. Pelton (sic) has called my client with knowledge that that client is represented by counsel; has made affidavits about what he found out from talking with my client, and included the same kind of information in Mr. Pelton's affidavit.

If Mr. Pelton were here, I think I could show many of the affirmances in his affidavit are untrue.

This is a violation of the canons of ethics and I think the proper thing to do is strike the [4] pleadings.

THE COURT: There are proper forums for such determination.

MR. IRONS: I move that Mr. Pelton not be permitted to proceed based on jurisdiction.

THE COURT: That is a matter to be determined.

Do you have any witnesses?

MR. TOWELL: Yes, your Honor.

THE COURT: Call your first witness.

MR. TOWELL: Mr. Cohn.

JULIAN M. COHN, having first been duly sworn by the Clerk of the Court, took the witness stand and testified as follows:

THE CLERK: State your name and spell it for the record.

THE WITNESS: Julian M. Cohn, C-o-h-n.



## DIRECT EXAMINATION

BY MR. TOWELL:

- Q Mr. Cohn, by whom are you employed?  
A Healthco-Rower, Inc.  
Q Where are they located?  
A Boston, Massachusetts—main office.  
Q Do they have a New York office?  
A Yes.
- [5] Q Where is that?  
A 331 West 44th Street.  
Q What is your position?  
A I am the purchasing agent of merchandising.  
Q What do you do?  
A We sell dental supplies to dentists' laboratories.  
Q Do you sell products of Lee Pharmaceuticals in New York City?  
A Yes, we do.  
Q Does your company sell them in Brooklyn?  
A Yes.  
Q Does your company sell a product, Genie Dental Bracket Adhesive?  
A Yes.  
Q It is sold in the metropolitan area and Brooklyn?  
A Yes.  
Q Does your company stock that product?  
A Yes.  
Q Do you keep price lists on the product?  
A Yes.  
Q From whom does Rower purchase the Lee Genie Bracket Adhesive?
- [6] A Sometimes direct from Lee Pharmaceuticals in California, or sometimes we get stock from the Boston office.  
Q Do you know if Salesmen or representatives of Lee call upon Rower?  
A Yes.

Q Do you know the name of the person?

A Tiger, Herbert Tiger.

Q What is the purpose of Mr. Tiger's visits, if you know?

A Just to see that the sales are all right and to see if we need anything or are having any trouble with the product.

Q Does Rower, at the present time, sell any products of Ceramco?

A No, we do not.

Q Did Rower ever sell a dental composition sold under the name, Genie, made by Wilkinson Dental Company?

A No, sir, we did not.

MR. TOWELL: That's all I have of this witness, your Honor.

# CROSS-EXAMINATION

BY MR. IRONS:

Q Mr. Cohn—

[7] A Yes, sir—

Q (continuing)—does Lee Pharmaceuticals own any stock or equity interest in Healthco?

A No, sir, as far as I know.

Q Do you stock products of other companies besides Lee Pharmaceuticals?

A Yes, sir.

Q Can you identify a few of them for me, please?

A Well, we stock over close to a million items made by maybe 500 manufacturers, all dealing with the line of dental supplies that the dentists may need,—white Ransom and Randolph. I can go on for quite awhile.

Q Do you sell products of Johnson and Johnson?

A Yes, we do.

Q I believe you mentioned the expression, orthodontic bracket or adhesive for that.

What is an orthodontic bracket?

A It is a piece of metal an orthodontist would use to tie a tooth to an adjacent tooth.

Q When did you first hear of a Ceramco product called gold Genie, if you ever did?

A Many years ago, made by the Wilkinson Company.

[8] Q Do you know anything about the product?

A I know it is a cement used for cementing a crown, mostly used by a technician, not a dentist.

Q And not by an orthodontist?

A No, sir, not that I know of.

Q Did you ever, in your business life, sell or have anything to do with the merchandising of this Gold Genie?

A We have sold it only on special request. We do not stock the item, and never have.

Q To your knowledge, has there been any confusion ever reported to you—

THE COURT: Objection sustained.

This goes to the merits of the proceeding, and I am not interested in that at this point.

MR. IRONS: One moment, please.

(Pause)

BY MR. IRONS:

Q Your testimony, if I heard you correctly, Mr. Cohn, was that on some occasions, Lee products are purchased from Lee in California?

A Correct.

Q Is the payment made to California?

[9] A All payments are made through Boston. It is made through Boston.

Q How is it invoiced to your company—straight from California, or going to Healthco from Boston?

A From—straight from California to our office and billed to Boston, shipped to New York. We okay the invoice and send it to Boston for payment.

MR. IRONS: No further questions.

MR. TOWELL: No questions, your Honor.

THE COURT: You may step down.

MR. TOWELL: Irving PENCHUK.

IRVING PENCHUK, having first been duly sworn by the Clerk of the Court, took the witness stand and testified as follows:

THE CLERK: State your name and spell it, please.

THE WITNESS: Irving PENCHUK, P-e-n-c-h-u-k.

### DIRECT EXAMINATION

BY MR. TOWELL:

Q Mr. PENCHUK, by whom are you employed?

A I am self-employed; my own business.

Q What is that?

A Dental supplies.

Q Where is your business located?

A 1998 Nostrand Avenue in Brooklyn.

[10] Q And does your company or business sell products of Lee Pharmaceuticals?

A Oh, yes.

Q Do you sell them in Brooklyn?

A Sure — everywhere — Brooklyn, Manhattan — anywhere.

Q Do you sell a product, the Genie Dental Bracket Adhesive, by Lee?

A Yes.

Q Do you stock that product?

A Sure.

Q Do you sell that product in Brooklyn?

A Yes.

Q Do any salesmen or representatives of Lee Pharmaceuticals call upon your company?

A Oh, yes.

Q Who called upon your company?

A They have a new man, now. I know his first name is Elliott. I don't remember the last name.



Q What is the purpose of his visits?

MR. IRONS: It calls for a conclusion.

THE COURT: Yes.

MR. TOWELL: Withdrawn, your Honor.

Q Who do you buy the Lee Pharmaceutical products  
[11] from?

A From Lee.

Q How are the orders placed?

A I send in the order or usually, the salesman sends  
in the order for me and the products are shipped.

Q From—

A California.

Q To your company?

A Yes.

I have the bills, if you want them.

Q All right.

If we can mark perhaps one—

Mr. Penchuk, you are familiar with the file. Could you  
look through it and find perhaps a particular bill, if  
there is such, for a Lee product?

A Here it is. There it is, right there.

Q The third entry, where it says, "Genie," that is a  
Lee product?

A Yes.

MR. TOWELL: I will offer that, your Honor, to have  
it marked.

Q Can I take this apart, Mr. Penchuk? (Indicating  
documents.)

A If you want to. I will restaple them.

[12] THE COURT: Mark it.

CLERK: Invoice marked in evidence as Plaintiff's  
Exhibit number 1 .

(So marked)

MR. TOWELL: That's all I have of this witness.

## CROSS-EXAMINATION

BY MR. IRONS:

Q Who owns your business?

A I do.

Q Did Lee Pharmaceuticals own any interest in your company?

A Oh, no. I am sole owner.

Q How do you make payment of these invoices such as the one marked Exhibit 1?

A By check.

Q Where do you send the check?

A Los Angeles—wherever it is.

MR. IRONS: That's all, your Honor.

THE COURT: You may step down. Thank you, sir.

MR. IRONS: Would you give me a copy of that?

MR. TOWELL: Yes.

Can we stipulate that I will make Xerox copies and give Mr. Penchuk back the original?

MR. IRONS: Yes.

[13] THE COURT: Any more witnesses?

MR. TOWELL: The original proof of service was filed in court on the return.

THE COURT: You rest?

MR. TOWELL: Yes.

MR. IRONS: I don't have Mr. Pelton and Mr. Sleninger, so I cannot proceed.

THE COURT: Mr. Pelton is his company—

MR. IRONS: Yes—

THE COURT: They are not selling your product.

MR. IRONS: No, but there is the matter—

THE COURT: I am only interested in the jurisdiction.

As to the merits, when the case is tried there will be a lot more, but now I am merely trying the question of jurisdiction—whether or not this product is being sold in this jurisdiction and whether the Court has jurisdiction.

MR. IRONS: The service of process and the jurisdiction has been assumed on the basis of Mr. Pelton's sworn affidavit that has been relied on to retain jurisdiction.

I would like to examine Mr. Pelton because I can demonstrate there are untruths in the affidavit [14] and complaint and the process service was wrongfully induced, and it is void.

THE COURT: Was the process server in New York or California?

MR. IRONS: The order from this Court was wrongfully induced by statements from Mr. Pelton which appointed the process server.

THE COURT: You have been saying that since you came into Court, and we continue to hear it, and if it goes on appeal, and I am wrong, then it will be reversed.

MR. IRONS: Well, I need Mr. Pelton to make my brief. I will come back whenever Mr. Pelton will be here.

THE COURT: You are speaking about the affidavit of service?

MR. IRONS: On the sworn complaint and the related affidavit.

THE COURT: I won't go into the complaint, the merits of the complaint, the falsity of the allegations, whether they have anything to do with the merits of the case. I am just interested in whether or not this Court has jurisdiction and whether there was proper service. One is traverse and the [15] other is jurisdiction.

MR. IRONS: I need Mr. Pelton.

THE COURT: He didn't sign the affidavit of service, did he?

MR. IRONS: I contend that the issuance of the order authorizing the order of the service of process was wrongfully induced by Mr. Pelton's false, sworn statement.

THE COURT: [You may make that contention as an affirmative defense when you answer the complaint in

this case, and then we will go into that portion of it—whether he induced or falsified or has done something improper. If you want to make it part of your affirmative defense, you can.]

I don't see where he is necessary, as far as the affidavit of service is concerned. If you want to bring in the affiant himself, who effectuated the service, bring him in from California. Otherwise, I will accept it.

MR. IRONS: I feel I have not been given a fair opportunity to present my case.

Mr. Carroll said last week Mr. Pelton would be here and we should have been able to rely on that.

MR. TOWELL: There is an officer here today.

[16] THE COURT: Gentlemen, I have always attempted in my 19 years on the bench, to try to avoid trying cases for lawyers, and I won't start with this case.

MR. IRONS: When do you want briefs due?

THE COURT: Next Thursray morning, all briefs before the Court. You serve yours on Tuesday and you have yours before the Court Thursday morning.

MR. IRONS: I would like to get the record as soon as possible.

THE COURT: I am sure you can make arrangements with the Court reporter.

Subject to what the Court does, subject to the question of jurisdiction, the next hearing date on the temporary order will be May 30th before this Court.

MR. IRONS: I will be in Europe on that day but anytime the first week in June—

THE COURT: All right, I wouldn't want to prevent that.

MR. IRONS: We obviously have to have testimony on the preliminary injunction.

THE COURT: June 6.

MR. IRONS: Fine.

THE COURT: Good day.

\* \* \* \* \*



**DEFENDANT'S INTERROGATORIES 15-55  
TO PLAINTIFF CERAMCO, INC.**

**filed May 20, 1974**

Defendant, Lee Pharmaceuticals, propounds to plaintiff, Ceramco, Inc., the following Interrogatories without waiver of issues raised by defendant under Rule 12(b) (1) through (5), inclusive, of the Federal Rules of Civil Procedure and without waiver of any other issues which defendant may elect to raise under Federal Rule 12 (b); such Interrogatories to be answered in writing, under oath, in accordance with Rule 33 of said Federal Rules of Civil Procedure.

15. Describe fully the circumstances of Culver Laboratories, Inc.'s first use in commerce in conjunction with goods of any nature of a trade name constituting or including as a part thereof the word "Genie" and including as a part of the answer an identification of the goods involved, a statement of the date on which the first use occurred, an identification of the precise trade name involved, and a description of the channel of commerce involved, including names and addresses of any persons who received or forwarded the goods, a description of the trade dress of the goods and any other relevant fact.

(a) Identify all documents which in any way relate or pertain to this description and identify all persons who have personal knowledge of the facts involved.

16. Describe fully the circumstances of Wilkinson Company's first use in commerce in conjunction with goods of any nature of a trade name constituting or including as a part thereof the word "Genie" and including as a part of the answer an identification of the goods involved, a statement of the date on which the first use occurred, an identification of the precise trade name involved, and a description of the channel of com-

merce involved, including names and addresses of any person who received or forwarded the goods, a description of the trade dress of the goods and any other relevant fact.

(a) Identify all documents which in any way relate or pertain to this description and identify all persons who have personal knowledge of the facts involved.

17. Describe fully the circumstance of Ceramco, Inc.'s first use in commerce in conjunction with goods of any nature of a trade name constituting or including as a part thereof the word "Genie" and including as a part of the answer an identification of the goods involved, a statement of the date on which the first use occurred, an identification of the precise trade name involved, and a description of the channel of commerce involved, including names and addresses of any persons who received or forwarded the goods, a description of the trade dress of the goods and any other relevant fact.

(a) Identify all documents which in any way relate or pertain to this description and identify all persons who have personal knowledge of the facts involved.

18. Describe fully the circumstance of Johnson & Johnson's first use in commerce in conjunction with goods of any nature of a trade name constituting or including as a part thereof the word "Genie" and including as a part of the answer an identification of the goods involved, a statement of the date on which the first use occurred, an identification of the precise trade name involved, and a description of the channel of commerce involved, including names and addresses of any persons who received or forwarded the goods, a description of the trade dress of the goods and any other relevant fact.

(a) Identify all documents which in any way relate or pertain to this description and identify all persons who have personal knowledge of the facts involved.

19. Is any portion of the cost of this litigation being borne by any one other than the named plaintiff, Ceramco, Inc., including without limitation Culver Laboratories, Inc., Wilkinson Company and Johnson & Johnson?

(a) If the answer to Interrogatory 19 is anything other than an unqualified "No", describe fully the arrangements by which any party or person other than Ceramco, Inc. is financing or partially financing this litigation, including as a part of the answer an identification of all documents in any way relevant to such arrangements and an identification of persons up to a number of five (5) who have personal knowledge of the facts concerning such arrangements.

20. Describe fully the circumstance of Culver Laboratories, Inc.'s first use in interstate commerce in conjunction with goods of any nature of a trade name constituting or including as a part thereof the word "Genie", and including as a part of the answer an identification of the goods involved, a statement of the date on which the first use occurred, an identification of the precise trade name involved, and a description of the channel of commerce involved, including names and addresses of any person who received or forwarded the goods, a description of the trade dress of the goods and any other relevant fact.

(a) Identify all documents which in any way relate or pertain to this description, and identify all persons who have personal knowledge of the facts involved.

21. Describe fully the circumstance of Wilkinson Company's first use in interstate commerce in conjunction with goods of any nature of a trade name constituting or including as a part thereof the word "Genie", and including as a part of the answer an identification of the goods involved, a statement of the date on which the

first use occurred, an identification of the precise trade name involved, and a description of the channel of commerce involved, including names and addresses of any person who received or forwarded the goods, a description of the trade dress of the goods and any other relevant fact.

(a) Identify all documents which in any way relate or pertain to this description, and identify all persons who have personal knowledge of the facts involved.

22. Describe fully the circumstances of Ceramco, Inc.'s first use in interstate commerce in conjunction with goods of any nature of a trade name constituting or including as a part thereof the word "Genie", and including as a part of the answer an identification of the goods involved, a statement of the date on which the first use occurred, an identification of the precise trade name involved, and a description of the channel of commerce involved, including names and addresses of any persons who received or forwarded the goods, a description of the trade dress of the goods and any other relevant fact.

(a) Identify all documents which in any way relate or pertain to this description, and identify all persons who have personal knowledge of the facts involved.

23. Describe fully the circumstance of Johnson & Johnson's first use in interstate commerce in conjunction with goods of any nature of a trade name constituting or including as a part thereof the word "Genie", and including as a part of the answer an identification of the goods involved, a statement of the date on which the first use occurred, an identification of the precise trade name involved, and a description of the channel of commerce involved, including names and addresses of any persons who received or forwarded the goods, a description of the trade dress of the goods and any other relevant fact.



(a) Identify all documents which in any way relate or pertain to this description, and identify all persons who have personal knowledge of the facts involved.

24. Separately as to each of Culver Laboratories, Inc., Wilkinson Company, Ceramco, Inc., and Johnson & Johnson, state the name and address of each customer to whom any product has at any time been sold under a trade name constituting or including as a part thereof the word "Genie" and for each customer identified, state the date or dates of sale and the precise product name involved in each sale.

(a) Separately for each Culver Laboratories, Inc., Wilkinson Company, Ceramco, Inc. and Johnson & Johnson, identify all documents in any way pertinent to the facts stated in answer to this Interrogatory 24.

(b) Separately for each of Culver Laboratories, Inc., Wilkinson Company, Ceramco, Inc. and Johnson & Johnson, identify persons up to a number of five (5) who have personal knowledge of facts stated in answer to this Interrogatory 24 and who would be able to give competent testimony with respect to those facts.

25. Reference is made to the Affidavit of H. Gordon Pelton verified April 11, 1974 and filed in this action. With respect to that Affidavit, state:

(a) The name and address of each person who participated in its preparation, including both those who actually wrote some or all of it and those who supplied facts purportedly set forth therein.

(b) For each person identified in answer to Interrogatory 25 (a), describe his precise role in the preparation of the aforesaid Pelton Affidavit. In the case of individuals who supplied facts to be included in such Affidavit, correlate each specific fact supplied with the individual who supplied it.

(c) Identify each and every document upon which the Affidavit is premised.

26. Reference is made to Exhibit A of the Affidavit of H. Gordon Pelton executed April 11, 1974. Plaintiff is requested to state:

(a) The date on which Exhibit A was first circulated to the trade, including as a part of the answer an identification of documents which in any way relate to such date, and identify all persons up to a number of five (5) who can testify competently with respect to such date.

(b) The basis upon which the symbol "R" in a circle appears on Exhibit A in conjunction with the terms "Ceramic Metal Genie" and "Gold Genie", and include as a part of the answer an identification of all documents in any way relevant to this matter and an identification of persons up to the number of five (5) who can testify competently with respect to the reasons why the identified symbol was utilized with the names in question.

27. Exhibit B to the Affidavit of H. Gordon Pelton executed April 11, 1974 consists of two pages, one headed "Uses of 'Gold Genie' Ceramic Gold Cream" which identifies Wilkinson Company at the bottom of the page, and the other bearing no heading but concluding with the statement "Developed by Culver Laboratories Dental Designed Products". With respect to Exhibit B, please state:

(a) Whether the two pages of Exhibit B are related and, if so, how.

(b) If the two pages are part of the same document, please state the date on which the document was first distributed in any trade channel of any nature and to whom it was distributed, and include as a part of the answer an identification of all documents that are rele-

vant to these facts, and an identification up to the number of five (5) of the persons who are competent to give factual testimony with respect thereto.

(c) If the pages are not related, please supply the information requested in Interrogatory 27(b) for each page separately.

(d) On the first page, an asterisk appears following the words "Gold Genie" in the heading, and this asterisk appears to be keyed to the statement "Pat. Pending" in the lower right-hand corner of the page. With respect to this representation, please state whether or not "Gold Genie Ceramic Gold Cream" is covered by any issued United States patent, and if so, identify the patent by number. If "Gold Genie" is not covered by an issued United States patent, please identify, by application number, filing date, and the full names of each inventor, each and every United States patent application on the composition "Gold Genie" which has at any time been filed by any one or more of Culver Laboratories, Inc., Wilkinson Company, Ceramco, Inc. or Johnson & Johnson, and as to each application identified, state whether it is presently pending or has been abandoned.

28. Reference is made to Exhibit C of the Affidavit of H. Gordon Pelton executed April 11, 1974 and to the circumstance that the Pelton Affidavit represents Exhibit C to constitute "an ad for Ceramic Metal Genie which appeared in 1970-71 National Association of Dental Laboratories Membership Directory". With respect to this Exhibit C, please state:

(a) Whether any product marketed under any name constituting or including as a part thereof the word "Genie" has at any time been advertised by any of Culver Laboratories, Inc., Wilkinson Company, Ceramco, Inc. or Johnson & Johnson in a newspaper, magazine, trade journal or other periodical of any nature other than the

National Association of Dental Laboratories Membership Directory.

(b) If the answer to Interrogatory 28(a) is anything other than an unequivocal "No", identify each periodical in which such an advertisement has appeared, giving the date of the advertisement, the page of the periodical, and the precise product name utilized in the advertisement.

(c) Exhibit C contains a representation after the words "Ceramic Metal Genie" which reads "(Patent pending)". With reference to that representation, identify each and every patent application by serial number, filing date and inventors' names which has at any time been filed on any Ceramic Metal Genie composition, and as to each application so identified, state whether it is pending, has been abandoned or has issued as a patent. As to any such applications which have issued as patents, give the patent numbers.<sup>a</sup>

(d) Exhibit C also includes after the words "Ceramic Metal Genie" at the top of the page, the symbol "R" in a circle. With respect to that circumstance, please state the reasons for associating the name "Ceramic Metal Genie" with the symbol in question, and including as a part of the answer any documents in any way relevant thereto, and an identification of persons up to the number of five (5) who are in a position to give competent testimony with respect thereto.

29. Reference is made to Exhibit D of H. Gordon Pelton's Affidavit executed April 11, 1974. With respect to that Exhibit D, please state:

(a) The date upon which the original was circulated to the trade, and identify fully all trade channels in which it was circulated, including as a part of the answer an identification of all documents in any way relevant



to the facts thereof, and an identification of persons up to the number of five (5) who are competent to give factual testimony relevant thereto.

(b) Please explain fully the basis upon which the symbol "R" in a circle appears at the top of the page immediately following the words "Gold Genie" and include as a part of the answer an identification of all of the documents in any way relevant to such basis and an identification of persons up to the number of five (5) who can give competent testimony with respect thereto.

30. Reference is made to Paragraph 12 of the Complaint in this action and particularly to its allegation that "defendant's use of plaintiff's trademark GENIE has caused and is likely to cause confusion and mislead purchasers in the dental trade. . . ." With respect to that allegation, state in detail all facts known to plaintiff which in any way tend to support the premise that there is likelihood of confusion between any one or more of the compositions for repairing gold crowns, bridges and related items referred to in Exhibits A through D, inclusive of the Affidavit of H. Gordon Pelton executed April 11, 1974 and the orthodontic bracket adhesive which defendant, Lee Pharmaceuticals, markets, and including as a part of the answer, an identification of all documents relevant to plaintiff's contention of likelihood of confusion and an identification of all persons known to plaintiff who have knowledge of any facts upon which the allegation of likelihood of confusion is premised or might be supported.

31. Does Ceramco now make, or does it contemplate making or has it in the past made orthodontic products of any nature?

(a) If the answer to Interrogatory 31 is anything other than an unqualified no, state fully the nature of each product involved and the names or names under

which each product has been, is or will be sold and include as a part of the answer an identification of all relevant documents and an identification of persons up to the number of five who have knowledge of the relevant facts.

32. The affidavit of H. Gordon Pelton executed April 11, 1974 states that:

"Ceramco has acquired an outstanding reputation in the dental product field among dentists and dental laboratories for its high quality products. . . ."

With regard to that statement, please identify by name and address each and every dentist and dental laboratory within its contemplation, identify all documents relevant to the truth of the statement and identify all persons whom plaintiff considers competent to testify as to the accuracy of the statement.

33. The aforementioned Pelton affidavit represents that "In April 1973, pursuant to a written contract, Ceramco acquired from Culver Laboratories, Inc. and the Wilkinson Company . . . all right, title and interest in a dental metal composition product . . . , including all right, title and interest to the trademark GENIE, used alone or in combination. . . ." With respect to that statement,

(a) Is the contract dated April 19, 1973 which constitutes Exhibit A hereto the "written contract" referred to?

(b) If the answer to Interrogatory 32(a) is anything other than an unequivocal no, please identify the "written contract" referred to.

(c) State fully the basis for the averment that Ceramco acquired from Culver Laboratories and the Wilkinson Company "all right, title and interest to the trademark GENIE used alone or in combination" and include in the answer a precise quotation of any language relied upon to convey any such full right, title and interest,

either from Exhibit A or any other instrument contended by Ceramco to convey such a right, title and interest.

(d) If the conveyance of "all right, title and interest to the trademark GENIE used alone or in combination. . . ." is not embodied in a written instrument, describe fully the factual circumstance of the conveyance, including the time and place at which it was made, names of all persons who were present at the time it was made, and identification of all documents in any way relevant, a full statement of any and all oral covenants, agreements and undertakings relevant thereto, and a full identification of all persons known to Ceramco who can testify competently with respect thereto.

(e) Did Ceramco or anyone acting on behalf of Ceramco make any investigation prior to the alleged contract of April, 1973, to determine whether or not Culver Laboratories, Inc., and the Wilkinson Company or either of them possessed all right, title and interest to the trademark GENIE used alone or in combination. . . .?"

(f) If the answer to Interrogatory 33 is anything other than an unequivocal no, describe fully the investigation so conducted, including as a part of the answer an identification of all persons who participated in such investigations, a description of what each such person did, a statement of all facts uncovered in the investigation, an identification of all documents in any way relevant thereto, and an identification of persons up to the number of five who can give competent testimony with respect thereto.

(34) State all facts known to Ceramco which in any way support the allegation in the affidavit of H. Gordon Pelton, executed April 11, 1974, that "The Corrective Composition under the various forms of the GENIE

trademark has been continuously sold in interstate commerce since 1968. . . ." including as a part of the answer an identification of each document which in any way supports the conclusion stated and an identification of all persons who have knowledge of facts which in any way support that allegation.

(35) State fully each and every fact which is the basis for the averment in the aforementioned affidavit of H. Gordon Pelton

"As part of the aquisition in April 1973, Ceramco acquired all use rights to the GENIE trademark which had been developed by Culver-Wilkinson"

and include as a part of the answer an identification of each document which in any way supports the allegation and identification of each person who has a knowledge of any fact which supports the allegation.

(36) State in detail all facts which are the basis for the following averment in the aforementioned affidavit of H. Gordon Pelton:

"Culver-Wilkinson expended a great deal of time, effort and expense, including national, regional and point-of-sale advertising and promotion in the dental product field to develop a market for the Corrective Composition under the GENIE trademark."

including as a part of the answer an identification of each document which in any way supports the averment and identification of each person who has knowledge of any fact which supports the averment, a full statement of each item of expense referred to, a full statement of each item of time referred to, a description of each instance of "national, regional, and point-of-sale advertising and promotion" referred to, an identification of each person in any way involved in the alleged expenditure of time, effort and expense or in the advertising and promotion referred to and a list of each of the states in which



either regional or point-of-sale advertising or promotion was conducted.

(37) The affidavit of H. Gordon Pelton executed April 11, 1974, includes a statement that

"I am advised that sales by Culver-Wilkinson of the Correcetive Composition under the GENIE mark were as follows:

"1968	—	\$ 3,123.75
1969	—	6,167.65
1970	—	8,741.25
1971	—	14,845.33
1972	—	20,986.45
1973 (1st and 2nd quarter only)		23,724.08"

With respect to that statement,

(a) State who "advised" Mr. Pelton of the facts allegedly set forth therein;

(b) Identify each customer to whom any sale by Culver-Wilkinson allegedly reflected in the quoted figures was made and for each such customer, state the date of each sale, the amount of the sale and the precise name of the corrective composition involved in the sale, and identify all documents which in any way tended to support any portion of the quoted statement and all persons who are able to give competent testimony of any fact which in any way supports any of the quoted statement.

(38) The aforementioned Pelton affidavit further states that "advertising expense in the same period of time [1968 through the second quarter of 1973] was approximately \$8,000.00". As to that statement, please identify all documents which in any way supports the figure given, state precisely how the figure was arrived at, identify all persons who can give competent testimony in support of the statement, identify all persons to whom payments

of advertising sums referred to in the quoted statement were made, and state the dates of the payments.

(39) The aforementioned Pelton affidavit further avers that

“Ceramco, since purchasing rights to the product and the goodwill associated with the trademark, has continued to develop a market for the product under the GENIE trademark.”

With respect to that averment state all facts upon which it is premised including an identification of all relevant documents and of persons up to the number of five other than Mr. Pelton who can give competent testimony with respect thereto.

(40) Mr. Pelton's aforementioned affidavit further states “that sales by Ceramco since the acquisition have totaled approximately \$21,000.00” With respect to that averment, state all facts upon which it is premised including in the answer an identification by date, name and address of customer, amount of sale and name of product involved of each sale reflected by the figure given and identification of all documents in any way relevant and identification of persons who can give competent testimony with respect to the manner in which the figure was developed.

(41) Mr. Pelton's affidavit further states:

“Ceramco, since purchasing rights to the product and the goodwill associated with the trademark, has continued to develop a market for the product under the GENIE trademark.”

With respect to that statement,

(a) Describe precisely how the figure of “approximately \$2,500” was reached including as a part of the answer an identification of all persons to whom any part of that amount was paid, the dates on which the pay-

ments were made, an identification of all documents which in any way support the figure given and an identification of persons who have knowledge of how the figure was developed;

(b) Identify each of the 5,000 persons and organizations in the dental field to whom Ceramco allegedly directed "an introductory promotion mailing"

(c) Identify precisely the documents included in the alleged "introductory promotion mailing" and state the date on which this mailing was initiated;

(d) Identify the persons or persons who had the responsibility for the alleged introductory promotion mailing;

(e) Describe fully "Ceramco's nationwide sales force" and include as a part of the answer the name and address of each Ceramco salesman, a statement of the territory in which he operates, and an indication of the total amount in dollars of his sales of any product sold or offered for sale under a trade name which constitutes or includes as a part thereof the word Genie.

(42) The aforementioned Pelton affidavit stated that:

"In recent months Ceramco has discovered that the defendant Lee, a California corporation manufacturing and selling products in the dental field, has misappropriated the trademark GENIE in connection with the sale, advertising, promotion and distribution in interstate commerce of a binding dental adhesive designed for use with metal and plastic orthodontic brackets."

With regard to that statement,

(a) State precisely the date on which Ceramco "discovered" that Lee was selling an orthodontic bonding adhesive for brackets under the name Genie and describe the circumstances under which the purported "discovery"

was made including an identification of all persons who participated in this discovery;

(b) State fully the basis for the allegation that Lee "misappropriated the trademark GENIE" including as a part of the answer an identification of all documents which in any way support the conclusion that Lee's use of the name Genie for an orthodontic bracket adhesive is a misappropriation as distinguished from a good faith activity, and an identification of all persons who can give testimony tending to support the conclusion of misappropriation as distinguished from good faith activity.

(43) The Pelton affidavit further alleges that

"I am informed that Lee filed a trademark application for the name GENIE in the Patent Office on or about November 19, 1973, and stated in that application that it first used the mark on May 23, 1973, long after the first use by Culver-Wilkinson."

With regard to that statement, was May 23, 1973 prior to the first use by Ceramco of any trade name constituting or including as a part thereof the word Genie?

(a) If the answer to Interrogatory 43 is anything other than an unequivocal yes, state fully every detail of any use by Ceramco of any such trade name at a date prior to May 23, 1973, including as a part of the answer a full and complete identification of each and every relevant document and an identification of each person who can give testimony with respect thereto.

44. The aforementioned Affidavit of H. Gordon Pelton states:

"An investigation conducted by Ceramco indicates that Lee's product is being distributed throughout the United States by various dental supply houses, including dental supply houses located in the State of New York." (p. 5)



With respect to the quoted statement:

(a) Describe fully the "investigation conducted by Ceramco", including as a part of the answer a statement as to when the investigation was made, where it was made, who participated in making it and how it was made, and an identification of all documents which in any way relate or pertain to such investigation.

45. The Pelton Affidavit further states:

"Upon information and belief GENIE dental bracket adhesive is sold in Manhattan by at least two organizations, Rower Dental Supply Co., 331 West 44th Street and Dental Equipment Specialists, Inc., 123 East 24th Street."

With respect to this statement:

(a) Identify fully each source of "information" upon which the "belief" of Mr. Pelton was based.

(b) State whether or not the names of the identified "organizations" were obtained as a part of the "investigation" which is the subject of Interrogatory 44.

(c) State whether or not the "information" referred to in the quoted statement was obtained by a direct contact between Thomas W. Towell, Jr. and the defendant, Lee Pharmaceuticals.

(d) If the answer to Interrogatory 45 (c) is anything other than an unequivocal "Yes", please explain why Thomas W. Towell, Jr., plaintiff's counsel, took it upon himself to telephone to the defendant, Lee Pharmaceuticals, directly on or about April 2, 1974.

46. The Affidavit of H. Gordon Pelton further states:

"Although the two products technically have different uses, it is, clear that Lee's use of the trademark GENIE for its dental product, a product that is, in fact, closely related to Ceramco's dental prod-

uct, infringes upon Ceramco's rights and use of the GENIE trademark and will, if maintained, dilute the very substantial goodwill which Culver-Wilkinson first and then Ceramco built up in the GENIE trademark."

With respect to that averment:

(a) State every fact which constitutes any portion of the basis of Mr. Pelton's conclusion that Lee's orthodontic bracket adhesive "is, in fact, closely related to Ceramco's dental product," including any and all test data, analytical results or other information of any nature which in any way tends to establish a close relationship between the two products, and include as a part of the answer an identification of each document which in any way relates to any of the facts stated or to the conclusion and an identification of all persons who can give competent testimony in support of the conclusion.

(b) Explain fully the basis upon which Ceramco contends that it has "built up" "very substantial goodwill" in the Genie trademark, and include in the answer an identification of each document in any way relevant thereto and all persons who can give competent testimony regarding any such "very substantial good will" developed by Ceramco in "the GENIE trademark".

(c) State fully the bases for the conclusion that Lee's use of the trademark Genie for an orthodontic bracket adhesive "infringes upon Ceramco's rights," and include in the answer an identification of all relevant documents and of all persons who have knowledge of the alleged basis for the statement.

(d) Explain fully the basis upon which Mr. Pelton swore that Culver-Wilkinson built up "very substantial goodwill . . . in the GENIE trademark", and include as a part of the answer an identification of all relevant documents and an identification of all persons other than

Mr. Pelton who can give competent testimony with respect to such basis.

47. Mr. Pelton's affidavit further states:

"It is also clear that dentists, dental technicians and dental supply houses will all come under the erroneous impression that Lee's product sold under the fanciful and non-descriptive trademark GENIE emanates from or is connected with the same source that sells Corrective Compositions under the same fanciful mark."

With respect to the quoted statement:

(a) State fully the basis for Mr. Pelton's conclusion that "dentists' dental technicians and dental supply houses will . . . come under the erroneous impression" that Lee's orthodontic bracket adhesive emanates from the same source as Ceramco's noble metal containing compositions for patching gold crowns, bridges and the like, and include as a part of the answer an identification of all documents in any way relevant to the basis upon which the conclusion was reached and an identification of persons other than Mr. Pelton who have knowledge of the basis on which the conclusion was reached.

(b) Does Ceramco contend that dental technicians and dental laboratories would have an occasion to use an orthodontic bracket adhesive for any purpose?

(c) If the answer to Interrogatory 47 (b) is anything other than an unequivocal "No", explain fully the basis for the contention, and identify all documents in any way relevant thereto.

(d) Does Ceramco sell its noble metal containing compositions for patching and otherwise repairing gold crowns, bridges, etc. through dental supply houses?

(e) If the answer to Interrogatory 47 (d) is anything other than an unequivocal "No", explain fully the cir-

cumstances under which Ceramco permits its products to be sold by dental supply houses, including an identification by name and address of each dental supply house involved and an identification by date, amount and corrective composition name of each sale by Ceramco to a dental supply house of such a composition at any time since April 19, 1973.

(f) Identify each dentist, dental technician or dental supply house who has to the present date expressed to any Ceramco representative a belief or impression that Lee's orthodontic bracket adhesive emanates from the same source as Ceramco's noble metal containing compositions for patching and repairing gold crowns and bridges, and include in the answer an identification of each communication in which such a statement was made. Where the communication was oral, plaintiff is requested to give the names of the individuals who were party to the communication, the date of the communication, the place, a statement as to whether it was made personally or by telephone, and the substance of what was said. If the communication was written, plaintiff is requested to identify each pertinent writing fully.

48. The Pelton Affidavit further states:

"Ceramco for years has been well-known in the dental product field as a highly reputable marker [sic] of dental products of the finest quality."

Plaintiff is requested to explain fully the basis for the statement and to state all facts which in any way tend to support the conclusion that this is so, including as a part of the answer an identification of all of the documents contended by Ceramco to support the statement and an identification of all persons upon whose testimony Ceramco may rely to establish the truth of the conclusion.

49. The Pelton Affidavit additionally states:



"Lee's attempt to register the GENIE mark clearly represents an attempt to interfere with Ceramco's exclusive right to use the mark in the dental product field."

With respect to this statement:

(a) Explain fully the basis for the contention that Ceramco has an exclusive right to use the Genie mark in the dental product field, including as a part of the answer an identification of all relevant documents and an identification of all persons who can give competent testimony as to the facts which support any such conclusion.

(b) State fully the basis for the sworn representation that Lee's attempt to register the Genie mark is "an attempt to interfere with Ceramco's [alleged] exclusive right" rather than a good faith attempt to protect Lee's own right, and include in the answer an identification of all documents in any way relevant to the conclusion or its basis and an identification of persons who are contended by Ceramco to have knowledge of the facts which will establish the truth of the conclusion.

50. The Pelton Affidavit still further states:

"Ceramco, through counsel, has demanded that Lee cease its use of the GENIE trademark, but, far from stopping, Lee continues to distribute its dental products under the trademark GENIE." (pp. 5-6)

As to this statement:

(a) Does Ceramco contend that it made any demand "that Lee cease its use of the GENIE trademark" apart from the letter of January 16, 1974 from Michael J. Ryan, Jr. of the legal staff of Johnson & Johnson addressed to Mr. Henry Lee?

(b) If the answer to Interrogatory 50 (a) is anything other than an unequivocal "No", identify fully all other demands by Ceramco.

(c) Please explain how a demand by Mr. Ryan of the Johnson & Johnson legal staff is contended to constitute a demand by Ceramco.

(d) Please explain fully the basis upon which Ceramco or a representative thereof, including counsel, decided to ignore the January 28, 1974 request of Lee's counsel, Miss Sears, for factual information which would permit an evaluation of the Ceramco proposal, including as a part of the answer a full statement of why Ceramco made no effort to reach an amicable resolution of the matter with Lee before bringing suit. In answering this interrogatory, plaintiff is requested to include an identification of all documents which are relevant in any way to the information sought and an identification of all persons who have knowledge of the basis upon which Ceramco decided to make no effort to resolve amicably the issue first posed by Mr. Ryan's letter of January 16, 1974 to Henry Lee of Lee Pharmaceuticals.

51. The Pelton affidavit additionally alleges:

"If Lee is allowed to continue to use the GENIE trademark in the dental product field, Ceramco will suffer irreparable harm as a result of the dilution of the goodwill in the GENIE trademark purchased and built up by Ceramco, and by the confusion in the minds of the purchasers as to the source of each dental product." (p. 6)

With respect to that statement:

(a) Please state in detail the basis for the conclusion that Lee's use of the name Genie for an orthodontic bracket adhesive will cause Ceramco irreparable harm", including a full statement of each fact in any way relevant thereto, an identification of each relevant document and an identification of each person who can give competent testimony to support the conclusion of irreparable harm.

52. Mr. Pelton's Affidavit, in its final paragraph, alleges:

"The reason for proceeding by order to show cause rather than by notice of motion is the continued suffering by Ceramco of irreparable damage and the necessity for obtaining prompt relief."

With respect to that statement, please state each and every fact which Ceramco contends supports the conclusion of irreparable damage sufficient to preclude Ceramco from proceeding fairly by notice of motion, and include as a part of the answer an identification of all documents relevant thereto and an identification of all persons other than Mr. Pelton who can give testimony of a factual nature to support this allegation.

53. Reference is made to the contract which constitutes Exhibit A hereto. With respect to that contract.

(a) Please state the full names and addresses of each of the signatories.

(b) Has the agreement been modified in any manner whatever since its execution?

(c) If the answer to Interrogatory 53(b) is anything other than an unequivocal "No", identify each modification thereof. If any of the modifications were oral, please describe fully their substance and the circumstances under which they were arrived at, including in the answer an identification of the time, place and persons present when the oral modification was made.

(d) State the amount of royalty which Ceramco has to date paid to Culver Laboratories, Inc. under the provisions of Paragraph 7 of Exhibit A.

(e) With reference to Paragraph 15 of Exhibit A, did Ceramco give either or both of Culver Laboratories, Inc. and Wilkinson Company an opportunity to review Mr. Michael J. Ryan, Jr.'s letter of January 16, 1974 to Henry Lee before it was mailed?

(f) If the answer to Interrogatory 53(e) is anything other than an unequivocal "No", state fully the circumstances under which the opportunity for review was afforded, including as a part of the answer the precise identification of the person or persons who were afforded such an opportunity, the date at which it was afforded, whether it was done by letter, by telephone, or in person, whether the reviewing party made any suggestions for changes and if so, their substance, and whether they were adopted, and any and all other facts which in any way bear upon the circumstances of the opportunity for review. In addition, please indicate in the answer to this interrogatory, an identification of all documents relevant to such review.

(g) Were either or both of Wilkinson Company and Culver Laboratories, Inc. given an opportunity to review the Complaint in this action and the Pelton Affidavit executed April 11, 1974, or drafts of either, pursuant to Paragraph 15 of Exhibit A or on any other basis prior to their filing?

(h) If the answer is anything but an unequivocal "No" to Interrogatory 53(g) please supply the same facts sought in answer to Interrogatory 53(f) with respect to this opportunity for review.

(i) Is the agreement which constitutes Exhibit A in full force and effect at the present time?

(j) If the answer to Interrogatory 53 (i) is anything other than an unequivocal "Yes", please explain fully the extent to which Exhibit A is no longer in full force and effect.

54. Has Ceramco or anyone acting for Ceramco conducted an investigation of any nature (e.g., a poll, survey or other investigation) in an effort to ascertain whether there has been or is likely to be confusion between the Lee orthodontic bracket adhesive Genie and the Ceramco



compositions for repairing gold crowns, bridges and the like sold under the names "Gold Genie" and "Ceramic Metal Genie"?

(a) If the answer to this Interrogatory 54 is anything other than an unequivocal "No", describe in detail each investigation which has so far been undertaken, and include in the answer the names and addresses of all persons who have participated in conducting the investigation, the nature of the investigation, including the full text of each question asked of those investigated, the dates on which the investigation was conducted, the places in which it was conducted, the names and addresses of all persons interrogated or otherwise contacted in connection with the investigation, and the results of the investigation. In addition, identify each and every document in any way relevant to any such investigation, and identify each person considered by Ceramco to be competent to give testimony on subject of actual or potential confusion as a result of such investigation.

55. Attached hereto as Exhibit B is a letter addressed "Gentlemen" and signed by James R. Sleininger, written on the letterhead of Ceramco, Inc. Plaintiff is requested to state the date of Exhibit B, the names and addresses of all persons to which it was distributed and its purpose. Plaintiff is further requested to indicate whether this letter was, pursuant to Paragraph 15 of Exhibit A, cleared with either or both of Culver Laboratories, Inc. and Wilkinson Company prior to distribution and, if so, to describe the circumstances attending its submission for clearance along the lines set forth in Interrogatory 53 (f).

## EXHIBIT A

THIS AGREEMENT made and entered into this 19th day of April, 1973, by and between CERAMCO, INC., a New York Corporation, having its principal place of business at 31-16 Hunters Point Avenue, Long Island City, New York 11101, hereinafter referred to as "CERAMCO";

CULVER LABORATORIES, INC., a California Corporation having its principal place of business at P.O. Box 15098, 6244 El Cajon Boulevard, San Diego, California 92115, hereinafter referred to as "CULVER"; and

THE WILKINSON COMPANY, a California Corporation, having a principal place of business at 31011 Agoura Road, P.O. Box 1307, Westlake Village, California 91360, hereinafter referred to as "WILKINSON".

## WITNESSETH THAT:

WHEREAS, CULVER has developed Corrective Compositions including a Corrective Composition hereinafter referred to as "Metal Putty" developed by Harold Culver of Culver Laboratories Research & Development, a Division of Culver Laboratories, Inc. which Corrective Compositions are designed for use as corrective materials for gold crowns, bridges, and the like.

WHEREAS, WILKINSON is the manufacturer of noble metals in the particular particle size and form found to be most useful for preparing said Corrective Compositions, and WILKINSON presently has available certain gold-containing Corrective Compositions under the names GOLD GENIE, CM GENIE and FIBER-METAL GENIE, the formulations for which and the GENIE names having been obtained from CULVER.

WHEREAS, CERAMCO is desirous of obtaining all rights to "Metal Putty" and other Corrective Composi-

tions for gold crowns, bridges and the like owned by CULVER and/or WILKINSON and of acquiring all rights to the name GENIE used alone or in combination including the names GOLD GENIE, CM GENIE and FIBER-METAL GENIE; and

WHEREAS, CULVER and WILKINSON are agreeable to assigning all such rights to CERAMCO and WILKINSON is desirous of providing CERAMCO Particulate Metal including the noble metal of special particle form for use in CERAMCO's manufacture and sale of "Corrective Compositions" obtained under the present Agreement.

NOW, THEREFORE, in consideration of their mutual promises and covenants, each to the other given, the parties hereby agree as follows:

(1) *Definitions:*

(a) Metal Putty shall mean and be a Corrective Composition of like kind and quality already made available to and tested by CERAMCO comprising a blend of noble metals of special particle form together with binder and flux base as more specifically defined in attached Appendix "A".

(b) Corrective Composition shall mean and be a composition suitable for use in the corrective of crowns, bridges and the like said composition containing finely divided metal in pure or alloy form admixed with other materials.

(c) Particulate Metal shall mean and be metal, including metal alloys, in spherical or fiber small particle form adapted to be used in the preparation of Corrective Compositions.

(d) Net Selling Price shall mean and be net billing by CERAMCO for "Corrective Compositions" sold exclusive of sales taxes and shipping charges and after al-

lowance for quantity and other sales discounts and credits for returned or defective merchandise.

(2) CULVER warrants that it is the developer of the Corrective Composition "Metal Putty" described in Appendix "A", that it has all rights thereto and the right to pass full title of the same to CERAMCO, and that it is the developer of the Corrective Compositions presently available under the names GOLD GENIE, CM GENIE and FIBER-METAL GENIE also described in attached Appendix "A" and has made such compositions available to no one other than WILKINSON. CULVER and WILKINSON warrant that they have full right and title to the Corrective Compositions presently made available by WILKINSON under the names GOLD GENIE, CM GENIE, and FIBER-METAL GENIE and the right to assign such Corrective Compositions, trade names and good will of the business associated therewith to CERAMCO.

(3) CULVER hereby assigns to CERAMCO all right, title, and interest which it has in Corrective Compositions including but not limited to, all right and title in "Metal Putty" and the Corrective Compositions GOLD GENIE, CM GENIE and FIBER-METAL GENIE and shall provide CERAMCO with all information and aid which may be necessary to enable CERAMCO to manufacture "Metal Putty" equal in quality and performance to the "Metal Putty" which CULVER has made available to CERAMCO for its earlier evaluation and to manufacture GOLD GENIE, CM GENIE and FIBER-METAL GENIE equal in quality and performance to that presently made available by WILKINSON.

CERAMCO shall have the right to all improvements and developments made in "Corrective Compositions" by CULVER during the present Agreement.

CULVER shall provide CERAMCO with a written disclosure of all "Corrective Compositions" it now has in-



cluding the complete formulae and the best method of preparing such "Corrective Composition." All improvements and developments in "Corrective Compositions" made by CULVER during the present Agreement shall be disclosed to CERAMCO in writing.

(4) CULVER and WILKINSON hereby assign to CERAMCO all right, title, and interest they have, either severally or jointly, to the names GOLD GENIE, CM GENIE and FIBER-METAL GENIE including the generic name GENIE where used alone or in other combinations together with any and all good will associated with the same and products sold thereunder.

(5) WILKINSON hereby assigns to CERAMCO all right, title, and interest WILKINSON has in "Corrective Compositions" including, but not limited to, "Corrective Compositions" it is presently selling under the name GENIE alone or in combination and WILKINSON agrees to turn over to CERAMCO all packaging materials containing the name GENIE together with all publications including labeling, advertising and the like, which WILKINSON has in its possession relating specifically to products sold by WILKINSON under the name GENIE or combinations thereof.

CERAMCO shall have the right to all improvements and developments in "Corrective Compositions" made or owned by WILKINSON during the present Agreement.

WILKINSON shall provide CERAMCO with a written disclosure of all "Corrective Compositions" it now has including the complete formulae and the best method of preparing such "Corrective Composition." All improvements and developments in "Corrective Compositions" made by WILKINSON during the present Agreement shall be disclosed to CERAMCO in writing.

(6) WILKINSON shall provide CERAMCO with samples of all of the particular forms of Particulate Metal

formed of noble metal or noble metal alloys which WILKINSON presently manufactures for use in "Corrective Compositions" or like materials. These samples will be maintained by CERAMCO and serve as standards for quality of noble metal Particulate Metal for future orders by CERAMCO. CERAMCO shall pay WILKINSON for these samples at the price which WILKINSON paid for the metal content therein.

WILKINSON shall supply to CERAMCO within thirty (30) days of any order placed by CERAMCO all of the Particulate Metal formed of noble metal alloy which CERAMCO may need of the type exemplified by the samples referred to above.

(7) During the term of the present Agreement, which shall be for ten (10) years from the date thereof, CERAMCO shall pay CULVER a royalty of ten percent (10%) of net sales of any "Corrective Composition" obtained under the present Agreement where such composition has been described in writing in accordance with the provisions of Sections 3 and 5 and where such Corrective Composition was not known to others as shown by publication prior to its disclosure to CERAMCO. The ten percent (10%) royalty is to be based on CERAMCO's Net Selling Price whether to a user, or to a dealer, exporter, or other middleman for further distribution and sale and shall not be based on the final sales price of "Corrective Composition" to the ultimate user, unless sold to the ultimate user by CERAMCO directly.

(8) CERAMCO will buy its needs of Particulate Metal formed of noble metal or noble metal alloys from WILKINSON. Where the Particulate Metal ordered by CERAMCO is identified by sample provided in accordance with paragraph 6 of the Particulate Metal provided shall be of equal quality, form and performance. CERAMCO shall pay WILKINSON for such Particulate Metal a price equal to the price paid by WILKINSON, including

freight and insurance, for the noble metal used therein plus \$15 an ounce. WILKINSON shall keep a true account of all purchases of noble metal used in making the Particulate Metal sold to CERAMCO such account including the day of purchase of such noble metal by WILKINSON and the price paid for such noble metal when purchased. WILKINSON shall use its best efforts to obtain the noble metal at the lowest price.

(9) Should WILKINSON fail to supply Particulate Metal of noble metal or noble metal alloy ordered by CERAMCO within thirty (30) days of an order placed by CERAMCO where CERAMCO is ready, willing and able to pay the above agreed to contract price, then CERAMCO shall be free to obtain such Particulate Metal from another source where available or to prepare its own Particulate Metal, and WILKINSON agrees to provide CERAMCO with the necessary know-how for such Particulate Metal preparation, which shall include written instructions and formulation held in escrow, as herein further provided, together with the aid of skilled personnel from WILKINSON where needed to assure CERAMCO's successful production of the Particulate Metal of noble metal or noble metal alloy.

Such know-how shall be maintained confidential by CERAMCO and shall not be used by CERAMCO except for failure by WILKINSON to provide such Particulate Metal as above provided. The restriction as to confidentiality and use shall not apply, however, to information that is already in CERAMCO's possession as shown by its written records of information that is already available to the public as shown by printed publications. In order to help in maintaining such information confidential, it shall be placed in escrow with a mutually acceptable Third Party to be made available to CERAMCO only under the conditions set forth in the preceding paragraph.

(10) Should CERAMCO require Particulate Metal other than a Particulate Metal of noble metal alloy CERAMCO will advise WILKINSON of its need for such Particulate Metal and shall give WILKINSON the first opportunity to bid for the supplying of the same.

(11) CERAMCO will use reasonable efforts in promoting at least one royalty-bearing "Corrective Composition" obtained under the present Agreement utilizing Particulate Metal formed of noble metal or noble metal alloy, such effort to be no less than the effort presently expended by CERAMCO in its promotion and sale of CERAMCO's BRITECOTE\* Gold Plating Product. Should CERAMCO fail to use such reasonable effort at any time during the term of the present Agreement and such failure not be corrected within three (3) months after having been advised in writing of the same, then, in that event, CERAMCO shall lose its exclusive right to such "Corrective Compositions" and CULVER and/or WILKINSON, where otherwise not restricted, may manufacture and sell "Corrective Compositions" made available by them to CERAMCO under the present Agreement.

(12) Should the total royalty to CULVER from sales of "Corrective Compositions" calculated on the basis of paragraph 7 of the present Agreement not equal or exceed \$3,500 within the first full year after the first six months of the present Agreement and within each Calendar Year thereafter, rights granted by CULVER in "Corrective Compositions", excluding trade names, shall revert back to CULVER, unless CERAMCO should pay to CULVER within three (3) months of the end of any such Calendar Year in which the minimum \$3,500 royalty is not earned the earned royalties together with an amount equal to the difference between the \$3,500 minimum and earned royalties so as to make the total payment equal to such minimum. However, should CERAMCO lose its exclusive right to manufacture and sell



"Corrective Compositions" for failure to meet the minimum payment provided, CERAMCO shall still have the right, although no longer exclusive, to manufacture and sell "Corrective Compositions" obtained from CULVER as long as CERAMCO continues to pay the royalties provided for in paragraph 7 during the term of the present Agreement.

(13) Should the accumulative amount of payments to WILKINSON of "plus \$15.00 an ounce" provided for in numbered paragraph 8 of the present Agreement not equal or exceed a minimum of \$4500.00 within the first full year after the first six months of the present Agreement and within each Calendar Year thereafter, rights granted by WILKINSON in "Corrective Composition", excluding trade names, shall revert back to WILKINSON unless CERAMCO shall pay to WILKINSON within three (3) months of the end of any such Calendar Year an amount, in addition to the accumulated payments of "plus \$15.00 an ounce", sufficient to bring the total amount paid up to said \$4,500.00 minimum. However, CERAMCO shall have the right to continue to manufacture and sell "Corrective Compositions" obtained from WILKINSON under the present Agreement as long as CERAMCO continues to buy the Particulate Metal used therein on the price basis set forth in paragraph 8.

(14) The term of the present Agreement shall be for ten (10) years from the date thereof unless terminated earlier as hereinafter provided and CERAMCO shall thereafter be free from the obligation of further royalty payments to CULVER as provided for in paragraph 7 or to continue purchases of Particulate Metal from WILKINSON or the payment of an additional \$15.00 per ounce for Particulate Metal purchased as provided in paragraph 8 under the price formula set forth herein.

CULVER and/or WILKINSON may after the term of the present Agreement, where otherwise free to do so,

manufacture and sell "Corrective Compositions" made available by them to CERAMCO under the present Agreement. However, during the term of the present Agreement CERAMCO shall have the exclusive right to manufacture and sell "Corrective Compositions" obtained under the present Agreement except for the special provisions provided for in section 11 where there is an uncorrected failure to use reasonable efforts and in sections 12 and 13 where there is a failure to meet minimums. Neither CULVER nor WILKINSON shall have any right during the term of this Agreement or thereafter, either direct or implied, to use any trade name used by CERAMCO with any products CULVER or WILKINSON may sell or to use any name that may cause confusion in the trade with CERAMCO products. All rights in the name GENIE, where used alone or in association with other words, shall remain with CERAMCO.

The present Agreement may be cancelled by any party for breach after written notice to the breaching party where such breach is not corrected within sixty (60) days of such notice. Where cancelled by one party for breach such cancellation shall not effect the Agreement as between the remaining parties. Cancellation for breach shall not relieve any party from its liability for payment accrued prior to such cancellation.

(15) None of the parties will originate any publicity, news release, or other public announcement, written or oral, whether to the public press, to stockholders, or otherwise, relating to this Agreement, to any amendment hereto or to performance hereunder, save only such announcement as in the opinion of counsel to the party making such announcement is required by law to be made. The party making any such announcement will give the other party an opportunity to review the form of the announcement before it is made.

(16) If by reason of fire, earthquake, labor dispute,

lockout, strike, act of God or the public enemy, any law, ordinance, governmental order or regulation, or any other cause beyond a party's control, such party is unable to carry out any of its obligations hereunder (other than the payment of sums of money due hereunder), such party's failure will not be deemed a breach of this Agreement, and performance of this Agreement by the party or parties affected will be suspended or curtailed for the duration of such cause. A party claiming the existence of such cause will promptly notify the other party of the basis for such claim and, to the extent possible, will advise the other party of the reasonably expected duration of such cause.

(17) Any notice expressly provided for under this Agreement shall be in writing, shall be given either manually or by mail, telegram, radiogram, or cable, and shall be deemed sufficiently given if and when received by the party to be notified at his address first set forth above. Any party may by notice to the others change its address for receiving such notices.

(18) This Agreement will be binding upon and inure to the benefit of and be enforceable by the parties, their successors and assigns but, neither party may assign any of its rights or obligations without the prior written consent of the other, except that all such rights and obligations may be assigned to a subsidiary, division, or affiliate of that party whose performance of this Agreement that party hereby guarantees.

(19) This Agreement constitutes the entire Agreement by the parties hereto with respect to the subject matter hereof and may not be changed or modified orally but only by an instrument in writing signed by the parties which states that it is an amendment to this Agreement.

(20) This Agreement shall be governed by and construed in accordance with the law of the State of New Jersey.

IN WITNESS WHEREOF the parties have executed  
this Agreement effective as of the date and year first  
above written.



EXHIBIT B

Gentlemen:

Effective immediately, all manufacture and sale of Gold Genie and Ceramic Metal Genie products has been taken over by Ceramco, Inc. Wilkinson Gold Company will no longer market these items.

These products will be sold on a direct-to-the-user basis only. Please forward any orders you receive to Ceramco, Inc.

Very truly yours,

/s/ James R. Sleining  
JAMES R. SLEININGER  
Vice President/Sales

**DEFENDANT'S SECOND REQUEST UNDER RULE 34  
FOR THE PRODUCTION OF DOCUMENTS**

filed May 20, 1974

Defendant, Lee Pharmaceuticals, requests production of the following documents pursuant to Federal Civil Rule 34. The request is made without waiver of any defense available to Lee Pharmaceuticals under Federal Civil Rule 12(b) including specifically each and every defense asserted in the pending motion of Lee to dismiss under that rule.

Plaintiff, Ceramco, Inc., is requested to produce all documents in its possession, custody or control which are included within any of the following categories:

(1) All documents which relate or pertain or refer in any way to any actual or prospective use by any of Ceramco, Culver Laboratories, Wilkinson Co. or Johnson and Johnson of the name Genie alone on any product;

(2) All documents which relate or pertain or refer in any way to Lee Pharmaceuticals, Henry L. Lee, Jr. or any orthodontic bracket adhesive product sold by Lee Pharmaceuticals.

(3) Originals of all forms or styles of carton in which any of plaintiff's products here in issue are being or have been sold by Ceramco, by Culver Laboratories or by Wilkinson Co.

(4) Originals of all forms or styles of label or enclosure with which plaintiff's products here in issue are being or have been sold by any of Ceramco, Culver Laboratories or Wilkinson Co.

(5) All documents which relate in any way to the actual or prospective use of any Ceramco, Culver, Wilkinson or Johnson and Johnson of any trade name designation of which the word Genie constitutes a part.

(6) All documents which relate in any way to the purpose of, the negotiation of, the reasons for or the performance under the agreement dated April 19, 1973 among Ceramco, Inc., Culver Laboratories, Inc. and The Wilkinson Company which have not heretofore been produced.

(7) All documents which relate in any way to the initiation of this litigation, the purpose of the litigation or the factual basis for its initiation.

(8) All documents which relate in any way to the relationship between Ceramco, Inc. and any of the following:

- (a) Johnson and Johnson
- (b) Culver Laboratories, Inc.
- (c) The Wilkinson Company

(9) All documents contended to be in any way pertinent to any good will that Ceramco purports to enjoy in the name Genie used alone.

(10) All documents contended to be in any way pertinent to any good will that Ceramco purports to enjoy in any tradename which includes the word Genie as a part thereof.

(11) All documents contended by Ceramco to be in any way pertinent to alleged likelihood of confusion between the name Genie for an orthodontic bracket adhesive and the name Genie or any tradename including the word Genie as a part thereof for a noble metal-containing corrective composition for gold crowns, bridges and related items.

(12) All documents which relate in any way to any of

- (a) plaintiff's expenditures incident the sale or promotion of any product under a trade name including the word Genie;

(b) plaintiff's receipts and profits from sale of any product under a trade name including the word Genie.

(13) All documents which relate or pertain to any name not including the word Genie under which plaintiff, Culver, Wilkinson or Johnson & Johnson has ever sold corrective compositions for gold crowns, bridges and related items.

(14) All documents which relate or pertain to use of the word Genie alone or combined with other words as a trade name for any product of any nature by anyone other than Ceramco, Johnson & Johnson, Culver, Wilkinson or Lee Pharmaceuticals.

(15) All documents which are contended to show facts constituting basis for, or otherwise to pertain in any way to, any alleged damage suffered by Ceramco as a consequence of any use by Lee of the name Genie.

(16) Originals of all advertising distributed to the trade or published by any of Ceramco, Culver, Wilkinson or Johnson & Johnson on any product designated by a name constituting or including the word Genie.

(17) All documents supplied to or considered by Michael J. Ryan, Jr. of the legal staff of Johnson & Johnson in connection with his letter of January 16, 1974 to Henry Lee of Lee Pharmaceuticals:

"Re: 61A GOLD GENIE and CERAMIC METAL GENIE for

Dental Compositions

GENIE for Orthodontal Bracket Adhesive".

(18) All documents which in any way relate to the decision of Ceramco, Inc. or of Mr. Ryan or anyone else on behalf of Ceramco, Inc. not to provide facts requested by Lee counsel Mary Helen Sears in her letter of January 28, 1974 addressed to Mr. Ryan:



"Re: GENIE trademark for Orthodontic Bracket Adhesives".

(19) All documents of any nature which may be relied upon by Ceramco in support of its request for a preliminary injunction in this case.

(20) All documents of any nature not produced under any of the foregoing categories or in response to any previous Lee document request in this case which may be relied upon by Ceramco to support its request for a permanent injunction in this case.

(21) All documents not produced under any of the foregoing categories or in response to any previous Lee document request in this case which in any way relate or pertain to the date at which plaintiff Ceramco, Inc., as distinguished from any other entity began to promote any product under a name which included the word "Genie" as a part thereof.

(22) Any documents which in any way relate or pertain to any representation by any one or more of Ceramco, Culver, Wilkinson, or Johnson and Johnson that any of the names Gold Genie, C. M. Genie, Fiber Metal Genie or Ceramic Metal Genie constituted a duly registered trademark under the law of any state or under the trademark registration provisions of 15 U.S.C. 1051 through 1127 inclusive, including without limitation documents which in any way relate to the basis or justification for advertising any one of the names identified with an accompanying encircled "R".

(23) All documents in any way relevant or pertinent to the question of whether Ceramco should be granted a preliminary injunction in this case.

(24) All documents not produced under any of the foregoing categories or in response to any previous Lee document request in this case which relate or pertain

in any way to the question to whether Ceramco should be granted a permanent injunction in this case.

*Time, Place and Manner of Making Production*

The offices of Rogers & Wells, 200 Park Avenue, New York, New York, at 10:00 a.m. on the morning of Wednesday, June 19, 1974, is specified as the time, date and place for the making of the requested production of documents for inspection and copying. Plaintiff is requested to produce the original and all existing copies of each of the requested documents for inspection and copying by the defendant.

**DEFENDANT'S MEMORANDUM IN SUPPORT OF ITS  
FEDERAL CIVIL RULE 12(b) MOTIONS**

filed May 20, 1974

This memorandum is respectfully submitted by defendant Lee Pharmaceuticals (Lee) in support of its motion under Federal Rule 12(b) (1) through (5) to dismiss the complaint in this action.

*Preliminary Statement*

In its decision in *Doumaux v. Gurney*, 363 F.Supp. 1209 (1973) this Court stated:

"As a result of extensive discovery proceedings and preliminary hearings conducted by the late Judge Rosling, there now exists a sufficient factual exposition for the court to make a ruling on this motion."<sup>2</sup>

<sup>2</sup> *Agrashell, Inc. v. Bernard Sirotta Co.*, 344 F.2d 583, 489 (2d Cir. 1965). In their briefs all the parties have expressed their belief that no further proceedings are necessary."<sup>1</sup>

In this case, there have been no discovery proceedings.<sup>2</sup> In this case defendant believes that it has been

<sup>1</sup> In *Agrashell*, the court stated:

"Although we appreciate the desire of overburdened district courts to handle their dockets in an expeditious manner, we believe that issues of personal jurisdiction are fully as deserving of thorough factual exposition as issues related to the merits of a claim, for jurisdictional decisions may also determine substantial rights. Accordingly, we remand the case to the district court for a full hearing, including opportunities for oral testimony and cross-examination, on the problem of who was responsible for the goods and the trucks while they were traveling through New York. See *Gelfand v. Tanner Motors Tours, Ltd.*, supra, 339 F.2d 317 at 323."

<sup>2</sup> On May 7, 1974 defendant filed and served Rule 33 and Rule 34 discovery requests limited to the Rule 12 issues. Plaintiff has not yet responded to this discovery. On May 6, 1974, defendant's counsel prepared a letter (Exhibit A hereof) hand delivered to plain-

denied an opportunity to present evidence in support of its position and to rebut the evidence which has been presented by the plaintiff. See the May 9, 1974 transcript pp. 3-4; 13-16.

The problem is aggravated because defendant has acted diligently but has been frustrated in its efforts by the failure of the plaintiff to cooperate.

On Tuesday, April 30, 1974, this Court fixed the date of Thursday, May 9, 1974, for an evidentiary hearing with respect to the issues raised by all of the defendant's Rule 12(b) defenses. (April 30, 1974 Tr. p. 19) The date of May 9 was selected rather than an earlier date in view of the statements by plaintiff's counsel understood to indicate that Mr. Pelton, the plaintiff's president, who verified the complaint and accompanying affidavit, in support of the show cause order would be present in court on that date (April 30, 1974 Tr. p. 19, 11 12-21).

In preparation for the hearing, defendant's counsel carefully reviewed the pleadings, and on the morning of Tuesday, May 7, (1) hand-delivered to plaintiff's counsel a letter (Exhibit A) indicating the witnesses the defendant desired to have present and the documents which defendant desired to consider in connection with the May 9, 1974 hearing. Also on May 7, defendant's counsel served upon Michael J. Ryan, Jr., one of the witnesses identified in Exhibit A (see p. 1 (c)) and upon Johnson & Johnson subpoenas to testify, returnable at the May 9, 1974 hearing (see Exhibits B and C). Also on May 7, 1974 defendant personally served upon plaintiff's counsel and filed "Defendant's First Request Under Rule 34 for the Production of Documents" and "De-

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tiff's counsel May 7, informally requesting the production of certain documents for use at the May 9, 1974 hearing. A few of the requested documents were supplied to defendant's counsel on the evening of May 8, 1974.



fendant's Interrogatories 1-14 to Plaintiff Ceramco, Inc." These discovery papers stated on their face that they were filed in aid of the issues raised by the defendant's Rule 12 motions. With respect to these Rule 33 and 34 pleadings, the final paragraph of Exhibit A hereof states:

"We are concurrently filing with the court a formal request under Rule 34 for the production of additional documents and interrogatories under Rule 33 to develop facts relevant to our Federal Civil Rule 12 defenses. Copies of these pleading are enclosed. We, fully understand that you will not be in a position to respond to these Rule 33 and 34 applications by Thursday, May 9. We have, however, filed these pleadings promptly so that disposition of the Rule 12 issues will not be unduly delayed."

Plaintiff, its counsel and its parent company (Johnson & Johnson) acted in deliberate disregard of defendant's request for production at the May 9, 1974 hearing of witnesses and documents in aid of its Rule 12(b) defenses. Michael J. Ryan, Jr. and Johnson & Johnson, under subpoena to testify on May 9, 1974, did *not* appear. On May 9, 1974 Mr. Ryan elected to ignore the subpoena served upon him and to attend instead a meeting in Florida of the United States Trademark Association—yet Mr. Towell in an affidavit filed May 9, 1974 to modify or quash the Ryan subpoena swore that Mr. Ryan "is presently in Florida on business for the remainder of the week." Johnson and Johnson disdained the subpoena served upon it and supplied *no* witness to testify as the subpoena commanded.

Mr. Pelton, the plaintiff's president, whose incorrect but *sworn* protestants of urgency resulted in the issuance of the show cause order in this case also disdained to appear, apparently having no stomach for testimony in open court where he would be subject to proper cross-examination upon the averments of his previously filed

*ex parte* sworn representations. Mr. Sleininger, plaintiff's vice president also disdained to appear.<sup>2a</sup>

As a pretext for this disregard of the subpoena and deposition notices plaintiff's counsel *on the morning* of the May 9 hearing filed and served a motion to strike or modify the defendant's aforementioned deposition notices and subpoenas. The only excuse advanced for the failure of the noticed and subpoenaed witnesses to appear was allegedly insufficient notice. In its counsel's testimony in the form of an affidavit supporting the motion to quash or modify, the plaintiff acknowledges that *defendant's* counsel had agreed that "new dates could be worked out" *if* the hearings scheduled by the Court could be adjourned to a date when *all* the necessary witnesses—the defendant's as well as the plaintiff's—could be present. The plaintiff's memorandum *also* admits that defendant's effort to cooperate was rejected on the pretext that the *plaintiff* itself had—on May 6 or 7—served *subpoenas on two third-party witnesses to appear at the May 9 hearing*. Thus, the plaintiff gave *these* witnesses *no more notice* than that which it deemed inapplicable as applied to its own witnesses. The record contains *no* showing that any effort was made by the plaintiff to reach agreement with these witnesses that the return dates of the subpoenas might be extended to a mutually convenient date when *all* of the witnesses necessary to a full and fair hearing might be present to testify in open court. Plaintiff, instead, insisted on proceeding on May 9, 1974. The Court concurred.

At the May 9 hearing, the plaintiff's witnesses were permitted to testify over the defendant's objection and the defendant was denied an opportunity to present at a later time additional evidence through the aforementioned subpoenaed and noticed witnesses.

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<sup>2a</sup> Defendant also formally noticed Messrs. Pelton and Sleininger to testify at the May 9, 1974 hearing.

On this record, defendant has been denied a fair hearing. At a minimum, the facts must be construed in a light as favorable to the defendant as possible. It should be presumed that the testimony of Messrs. Pelton, Slenger, Ryan and Johnson & Johnson would be adverse to the plaintiff's contentions.<sup>3</sup>

### INSUFFICIENT AND INEFFECTIVE PROCESS

The process purportedly issued against Lee Pharmaceuticals from this Court is insufficient and ineffective for the following reasons:

(a) The process was *not* served by a United States Marshal, but on the purported authority of so much Federal Civil Rule 4(c) as provides for service "by some person *specially appointed* by the Court for that purpose".

(i) Contrary to the provisions of Rule 4(c), the appointment order was *not* entered by the Court but rather by the "Deputy Clerk;" it is, therefore, void.

(ii) The appointment order, derogation of Rule 4(c) does not designate "*some person* appointed by the court", but rather conforms to the "application of plaintiff" to appoint certain persons i.e. an unidentified "representative of the Pinkerton Detective Agency "to serve the summons and complaint."

(b) Plaintiff having failed to show that defendant is "not an inhabitant of or found within "the State of New York," service under Rule 4(c) is void.

(c) The appointment order was wrongfully induced by the *ex parte* affidavit of plaintiff's counsel David F.

<sup>3</sup> See e.g., *Tropicana Shipping, S.A. v. Emprress Nacional "Elcano" de la Marina Mercante*, 366 F.2d 729 (5 Cir. 1966); *N. Sims Organ & Co. v. S.E.C.*, 293 F.2d 78 (2 Cir. 1961).

Dobbins of the firm of Rogers & Wells which in turn relies upon the fact that the "instant action seeks injunctive relief seeking to restrain the defendant from continuing acts of trademark infringement and unfair competition . . ." and so relies upon the sworn representations believed by the defendant to be false and, therefore, fraudulent as set forth in the verified complaint and supporting affidavit of plaintiff's president Mr. Pelton who failed to appear at the May 9, 1974 hearing. The appointment of the process server having been fraudulently induced is void and any process purportedly served as a result thereof is void.

A. *The purported appointment of a process server by the Deputy Clerk derogates Rule 4(c) and is therefore void.*

Federal Civil Rule 4(c) provides for service of process "by some person specially appointed by the Court for that purpose except that a subpoena may be served as provided in Rule 45".<sup>4</sup>

The purported process server in this case was *not* "appointed by the Court" as required by Rule 4(c)—but by a "deputy clerk".

The fundamental distinction between duties assigned by the rules to the discretion of the Court and those which may be delegated to functionaries such as the clerk is apparent e.g. from Rule 45(a) which expressly provides that "Every subpoena shall be issued by the clerk. . . ."

Thus the rules have made clear those responsibilities committed to the courts discretion and those which may be properly delegated. The Supreme Court has recently emphasized the importance of this distinction in a differ-

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<sup>4</sup> Rule 45(c) provides that "A subpoena may be served by the Marshal, by his deputy or by any *other person* who is not a party and who is not less than 18 years of age . . . ."



ent context. In *Mitchell v. W. T. Grant Co.*, — U.S. —, 42 L. Week 4671 (May 13, 1974) the court distinguished unconstitutional procedures in which "A writ of replevin . . . was issued by the court clerk" from a Louisiana procedure, sustained as constitutional because ". . . in the parish where this case arose, the requisite showing must be made to a judge and judicial authorization obtained. Mitchell was not at the unsupervised mercy of the creditor and court functionaries", 42 L. Week at 4676.

In this case, defendant Lee has been subjected to the "unsupervised mercy" of its accuser, Ceramco "and court functionaries." Through this questionable procedure, the "long arm" service said to be authorized under New York law has been invoked on the basis of highly questionable affidavits to set in motion the judicial machinery of this federal court by extending its process to California. Certainly in this case, the need for *judicial authorization* as required by Rule 4(c) was acute and should have been invoked. The purported appointment of a special process server by the Deputy Clerk is void.<sup>5</sup>

B. *The appointment order does not designate "some person" as required by Rule 4(c) and is therefore void.*

Consistent with the substantial rights involved, Rule 4(c) is careful not to authorize some blanket appointment of a *class* of unidentified persons to perform this important function. Yet, in this case the plaintiff's application purportedly granted *ex parte* by the deputy clerk was for the appointment of "*certain* [unidentified] persons" "*a* representative [unidentified] of the Pinker-

<sup>5</sup> Local Rule 12a which purports to authorize the clerk to sign "Orders specially appointing persons . . . to serve a summons and complaint" is also void, on its face and as applied in this case. Compare the revocation of Rules 11(c) and (d) of the General Rules effective March 1, 1952 because of *Orange Theatre Corp. v. Rayberstz Amusement Corporation*, 139 F.2d 185 (3 Cir. 1942) cert. denied 322 U.S. 740.

ton Detective Agency who will be able to make personal service upon the defendant in South El Monte, California".

This generalized appointment of an unidentified member of a large, grossly defined class of "persons" does not comport with the safeguards of procedural due process which Rule 4(c) is designed to implement.

As held in *Modric v. Oregon & N. W. Railroad Co.*, 25 F.Supp. 79 (D. Ore. 1938):

"In this case application has been orally made to the court to permit the service of a summons by the Sheriff of Josephine County or any of his deputies. Under Rule 4, 28 U.S.C.A. following section 723c, a summons is process, and the clerk is directed to deliver it for service to the Marshal 'or to a person specially appointed to serve it'. Under subsection (c) of this rule, the service of a summons may be 'by some person specially appointed by the court for that purpose' and under subsection (g) such a person 'shall make affidavit' of service.

"The court is thus permitted to designate only one person by name. Therefore, it is proper for the attorney desiring service to be so made to file a motion for designation of a particular individual, setting forth his qualifications, including the distance he will have to travel to make the service. The return must be made by affidavit and not by the certificate of some state officer or his deputy."<sup>6</sup>

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<sup>6</sup> Without citation of authority or other explanation *Wright and Miller*, Vol. 4, § 1091, p. 352 comments "This result is based on an unduly restricted reading of Rule 4(c)".

Note that the generic class here appointed "a representative of Pinkerton's . . . "is far broader than the class appointed in *Modric*—and hence clearly in derogation of Rule 4(c).

*C. Rule 4(c) has not been shown to be available in this case.*

The only service which has been attempted in this case is apparently pursuant to Federal Civil Rule 4(c) which is limited solely to service "upon a party *not* an inhabitant of or found within the state where the district court is held".

Plaintiff has *not* shown that defendant qualifies under this section. Indeed, to sustain § 1391(c) venue and personal jurisdiction the plaintiff seems to contend that the defendant is "found" in New York. If venue is proper under § 1391(c) it would appear that substituted service under Rule 4(c) is precluded.

*D. The order appointing the Process Server Was Wrongfully Induced and is Therefore Void.*

If, as defendant believes, the appointment of the process server was induced directly or indirectly by incorrect fact statements in the Pelton affidavit, it is void *ab initio*.

Defendant has been denied an opportunity to establish the invalidity of the verified averments in the complaint and the Pelton affidavit because plaintiff did not produce Mr. Pelton and the other witnesses to testify at the May 9, 1974 hearing. It is, therefore to be presumed that their testimony would be adverse to plaintiff.<sup>7</sup> Hence, the order appointing a special process server is a nullity.

#### INSUFFICIENCY OF SERVICE OF PROCESS

The unauthorized generality of the appointment order is reflected by the equally generalized "Proof of Service"

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<sup>7</sup> This is one of the points concerning which defendant sought to take the sworn court testimony of Messrs. Pelton, Sleining and Johnson & Johnson but was denied that right at the May 9, 1974 hearing.

which does *not* clearly indicate that any "representative of Pinkerton" was involved. Instead, the "Proof of Service" bears a signature line for the "signature of person [not identified] authorized to make service" and an illegible signature there above with no factual evidentiary indication of any kind that the person who purportedly perfected the service was in *fact* a representative of Pinkerton, was over 18 years of age, or was qualified to make service under California law or under New York law. *Valid Service of Process* is prerequisite to invocation of the jurisdictional power of this Court over the defendant.<sup>8</sup> Having regard to the circumstance that long arm service statutes seek to occupy the very limit of constitutional permissibility, it is essential, in federal question cases, that the safeguards built into Federal Civil Rule 4 be carefully observed. In this case these safeguards have been ignored.

#### *Conclusion as to Process Issues*

As Wright and Miller cogently observed:

"The party on whose behalf service is made has the burden of establishing its validity when challenged; to do so he must demonstrate that the procedure employed satisfied the relevant portions of Rule 4 and any other applicable provisions of law." (Footnotes omitted). Vol. 4 § 1083, p. 334.

Plaintiff has not discharged that burden. The complaint should be dismissed.

#### IMPROPER VENUE

The plaintiff has also failed to discharge its burden to establish that venue as to defendant is properly laid

<sup>8</sup> "It is true that the service of summons is the procedure by which a court having venue and jurisdiction over the subject matter of the suit asserts jurisdiction over the person of the party served". *Miss. Pub. Corp. v. Murphree*, 326 U.S. 438, 444-5 (1945).



in this judicial district. Specifically, the plaintiff has failed to discharge its burden to prove that the defendant Lee Pharmaceuticals is "doing business" in this judicial district within the meaning of 28 U.S.C. 1391(c).<sup>9</sup>

The bettered-reasoned decisions recognize that different considerations apply in construing the phrase "doing business" in the venue statute 28 U.S.C. 1391(c) from those which are applicable in reference to the "doing business" phrase as applied in certain state statutes providing for the acquisition of personal jurisdiction through "long arm" service. The Court of Appeals for the Second Circuit has not resolved the conflict which exists on this issue. In *Arrowsmith v. United Press International*, 320 F.2d 219, 234 (2 Cir. 1963), the court said:

"Since the court may not reach the venue issue, we shall not discuss it except to say that the court should not regard us as necessarily committed to the view, generally followed in the Southern District of New York but never passed on by us, whereby 'the criteria which applied in determining corporate presence for the jurisdictional purpose of effecting valid service of process' are 'equally applicable to the venue provisions of § 1391(c).'" (Citations omitted).

This issue was squarely framed in the present motion. Even if the Court should conclude that under New York state statutes the service attempted in this case is valid, the prerequisites to venue under 28 U.S.C. 1391(c) remain unsatisfied.

#### *Fact Statement*

The record in this case fails to establish that the defendant, Lee Pharmaceuticals, conducts any sales activity

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<sup>9</sup> It is not suggested by the plaintiff that the *defendant* is a resident of this judicial district or that defendant has any place of business within this judicial district.

within any part of New York state, including the Eastern District of New York.

Ceramco has attempted to prove its case for venue and personal jurisdiction solely on the testimony of two witnesses—Julian M. Cohn, who testified that he is an employee of the dental supply house Healthco-Rower, Inc., having its main office in Boston, Mass., and a branch office in Manhattan at 331 W. 44th Street (R-4-5) and Irving Penchuk, who testified that he is self-employed in his own dental supply business located at 1998 Nostrand Avenue in Brooklyn (R-9).

Mr. Cohn's testimony is that his employer stocks "over close to a million items made by maybe 500 manufacturers, all dealing with the line of dental supplies that the dentists may need" (R-7), that among these products are products of Lee Pharmaceuticals, and specifically the product Genie orthodontic dental bracket adhesive (R-5) but no products of Ceramco (R-6).

Mr. Cohn further acknowledged that *his company* sells the product Genie orthodontic bracket adhesive in the New York metropolitan area and Brooklyn (R-6). Mr. Cohn gave no evidence, however, relating to any sale in any part of the state of New York of Genie orthodontic bracket adhesive by Lee Pharmaceuticals.

*Per contra*, Mr. Cohn's testimony was that the product Genie is sometimes obtained direct from Lee Pharmaceuticals in California, or sometimes . . . from the Boston office" (R-6) of his company and that in either case "all payments are made through Boston" even when direct shipments to the New York branch are received from California (R-9). In addition, Mr. Cohn testified that as far as he knows, Lee Pharmaceuticals owns no stock or equity interest in Healthco-Rower (R-7). He identified one Herbert Tiger as a "salesman or representative" of Lee who calls upon Rower "just to see that the sales are

all right and to see if we need anything or are having any trouble with the product" (R-6). No effort was made on Mr. Cohn's direct examination (R-4-6) by Ceramco to establish the exact nature of Mr. Tiger's relationship to Lee and there is no indication that the witness would have been competent to testify on that subject if asked.

Mr. Penchuk testified that *his company* stocks and sells Genie orthodontic bracket adhesive and that *it* specifically sells the product in Brooklyn (R-10). He further stated that he orders Lee products from Lee in California either by directly mailing in an order or by conveying the order to a salesman who "sends in the order for me and the products are shipped" (R-11). He could not identify the salesman except as a "new man" whose "first name is Elliott. I don't remember the last name" (R-10). He was obviously not competent to give evidence on the extent of the salesman's relationship to Lee—and significantly was *not* interrogated on that point by plaintiff's counsel.

Mr. Penchuk supplied an invoice from Lee Pharmaceuticals to his company which refers, *inter alia*, to Genie orthodontic bracket adhesive and which was marked as plaintiff's Exhibit 1 (R 11-12).

Plaintiff's Exhibit 1 shows on its face that the sale of Lee produces to Mr. Penchuk's dental supply business is f.o.b. South El Monte, California. Plaintiff's Exhibit 1 on its face directs purchasers to "Mail Payments to: P. O. Box 3814, Terminal Annex, Los Angeles, Calif. 90051" and to "Mail Orders to: P. O. Box 3836, So. El Monte, Calif. 91733". Plaintiff's Exhibit 1 further identifies Lee Pharmaceuticals as a "California corporation".

On cross-examination, Mr. Penchuk testified that he is the sole owner of his business, that Lee owns no interest

in his company and that he pays invoices such as Exhibit 1 by check sent to "Los Angeles—wherever it is" (R-12).

To summarize briefly, Ceramco has failed to carry the burden of showing that Lee Pharmaceuticals sells *anything* including Genie orthodontic bracket adhesive in any part of the State of New York. *Per contra*, the evidence adduced by Ceramco shows that Lee sells products in California and that at least two of the purchasers, Healthco-Rower and Penchuk who are independent companies in which Lee owns *no* interest in New York resell dental products purchased by *them* from *Lee* in California.

Ceramco has failed to establish by competent evidence that defendant *Lee*, as distinguished from its customers, conducts *any business* relating to Genie or otherwise in any part of the state of New York, including the Eastern District of New York. Certainly there is no showing of any continuing or routine or frequent activity of defendant Lee in the state of New York or in the judicial district. The record thus fails to prove on the basis of competent evidence that Lee has any legal "contacts" minimal or otherwise in New York state or this judicial district.<sup>10</sup>

#### *Venue Is Lacking*

"It is the better rule and it is now virtually settled that federal law governs the question of 'doing business' for venue purposes under 28 U.S.C. 1391(c)" *Samson Cordage Works v. Wellington Puritan Mills, Inc.*, 303 F.Supp. 155, 161 (D.R.I. 1969)..

Under the settled federal law defining the prerequisites to § 1391(c) venue substantially more activity is re-

<sup>10</sup> The Pelton affidavit and the verified complaint are not properly before this Court on this motion and hence are not discussed in this memorandum.



quired to subject a defendant corporation to suit in a jurisdiction than would be required to subject it to service of process there. As stated in *Philadelphia Housing Authority v. American Radiator & Standard Sanitary Corporation, et al*, 291 F.Supp. 252, 256 (E.D. Pa. 1968)

"The concept of 'doing business' is narrower than 'transacting business', i.e., it takes more activity to constitute 'doing business' than it does to meet the 'transacting business' test. Indeed, the prevailing view in this Eastern District is that '[i]n determining how much activity within a district a foreign corporation must engage before such activity will constitute "doing business" for purposes of federal venue, the basic consideration is whether a license would be required of the foreign corporation as a condition precedent to carrying on that activity.' *Remington Rand, Inc. v. Knapp-Monarch Co.*, 139 F.Supp. 613, 617 (E.D. Pa. 1956). There Judge Wright rejected the *International Shoe* 'minimum contacts' interpretation of doing business as applied in 'service of process' questions. See *International Shoe Co. v. State of Washington*, 326 U.S. 310, 66 S. Ct. 154, 90 L.Ed. 95 (1945). Thus more activity is needed to subject a defendant corporation to venue in a jurisdiction than would be needed to subject it to service of process there."

In sustaining a motion to dismiss for lack of proper venue in its 1972 decision in *Fox-Keller, Inc. v. Toyota Motor Sales U.S.A. Inc.*, 338 F. Supp. 812, 815 (E.D. Pa. 1972) the court quoted and applied *Philadelphia Housing Authority supra*.

The federal law defining the factual prerequisites to § 1391(c) have found venue under that statute improper on factual showings far stronger than those advanced by the plaintiff in this case. It is established law that mere solicitation of business within a state does not of

itself render a foreign corporation subject to suit within the state, *Long v. Victor Products Corp.*, 297 F.2d 577, 581 (8 Cir. 1961) and cases cited. In this case it has not even been shown that *Lee* has engaged in business solicitation in this judicial district. See also *Irwin v. Daniels Co. Contractors Inc.*, 199 F. Supp. 766 (W.D. Pa. 1961), *Powell v. Sealelectro Inc.*, 205 F.Supp. 6 (D. Conn. 1962), *Fox-Keller Inc. v. Toyota Motor Sales U.S.A. Inc.*, 338 F. Supp. 812, 815 (E.D. Pa. 1972).

Indeed, § 1391(c) would be unconstitutional if applied in this case to warrant the exercise of jurisdiction in this federal district over defendant Lee Pharmaceuticals. [Plaintiff has equally failed to establish venue under the "claim arose" provision of 28 U.S.C. 1391(a) and (b); there is no showing that *plaintiff* ever sold any of its Gold Genie product to any customer in this judicial district. Hence there is no factual basis from which it may be inferred that any claim against the defendant arose here.] In fact, plaintiff's witness Mr. Cohn testified that his company did not handle Ceramco products.

### NO PERSONAL JURISDICTION

At the outset personal jurisdiction of defendant Lee is lacking because of the insufficiency of process and service of process demonstrated *supra*. Further, if the New York statutes providing for long arm service are construed to vest in this complaint personal jurisdiction over the defendant Lee Pharmaceuticals, such statutes are unconstitutional for violation of the Fourteenth Amendment's procedural due process safeguards. In a related context the Supreme Court in *Hanson v. Denckla*, 357 U.S. 235, 251 (1958) admonished that

"But it is a mistake to assume that this trend heralds the eventual demise of all restrictions on the personal jurisdiction of state courts . . . those re-

strictions are more than a guarantee of immunity from inconvenient or distant litigation. They are a consequence of territorial limitations on the power of the respective states. However, minimal the burden of defending in a foreign tribunal, a defendant may not be called upon to do so unless he has had the 'minimal contacts' with that State that are a prerequisite to its exercise of power over him. See *International Shoe Company v. Washington*, 326 U.S. 310, 319 . . ."

While *Hanson* was concerned with the direct exercise of state court jurisdiction, as distinguished from federal court jurisdiction over a foreign defendant, what is involved here is the professed exercise of federal jurisdiction based upon the authority of a New York state substituted service of statute.

In *Agrashell supra* the Court of Appeals for this circuit stated its belief "that issues of personal jurisdiction are as deserving of thorough factual exposition as issues related to the merits of the claim, for jurisdictional decisions may also determine substantial rights."

As construed to vest personal jurisdiction in this Court on the factual record of this case the relevant New York state and federal statutes are hopelessly vague and indefinite effectively vesting in the district court the prerogative, without a definite guidance, to determine on the basis of its own notions when an out of state defendant is or is not subject to suit.

For these reasons personal jurisdiction is lacking; a contrary conclusion invalidates the relevant New York state statutes and Federal Civil Rule 4 for failure to follow the pertinent constitutional standards.

### SUBJECT MATTER JURISDICTION

Subject matter jurisdiction, *vel non* would normally depend upon the question of whether or not the complaint

presents a well pleaded claim under federal law. In this case, complaint has been verified and it has been the continuous position of the defendant that its averments are untrue. In short, it is the position of the defendant that the complaint, as verified, is an imposition upon the Court.

Significantly, but for paragraph 15, complaint fails to allege a viable cause of action under § 1125 of Title 15. The allegations of paragraph 15, however, are demonstrably untrue. Hence the complaint on its face is inadequate to vest subject matter jurisdiction in this Court.

It is again noted that the *bona fides* of the complaint is one issue as to which the defendant sought but was refused by plaintiff with the concurrence of the Court, the right to elicit testimony of Mr. Pelton and other persons knowledgeable in the premises.

It remains, and no doubt will remain, totally unknown as to what extent the defendant has been prejudiced by the plaintiff's failure to produce Mr. Pelton in open court on May 9, thus affording an opportunity for his total preparation to answer interrogation based upon his verification of the complaint and his accompanying affidavit filed in support of the motion for order to show cause.

A similar circumstance exists with respect to Count 2, which is allegedly predicated upon diversity. It is by now reasonably apparent that Johnson & Johnson, the owner of Ceramco, is the remaining party in interest in this action and must be joined as a party plaintiff in which case there would be no diversity.

Again the defendant sought to take the testimony of knowledgeable persons through subpoenas directed to Johnson & Johnson and its counsel Mr. Ryan, and by timely deposition notices to Ceramco officers Pelton and Sleininger.



It is believed to be clear on the face of this record that the defendant has not been afforded a fair opportunity to present its case on the issue of subject matter jurisdiction and that the facts must be resolved in favor of the defendant against the plaintiff.

Consistent with these circumstances the defendant has moved the Court to disregard on ethical grounds both the verified complaint and the Sleininger affidavit as "evidence" in connection with the defendant's Rule 12 motions.

Because there is no evidence to support subject matter jurisdiction it must be concluded that subject matter jurisdiction is lacking.

There being no viable federal claim the alleged pendent jurisdiction of Claim 3 said to arise under the state law of New York is equally lacking.

#### CONCLUSION

For the reasons stated, it is respectfully requested, that the complaint be dismissed.

EXHIBIT A

May 6, 1974

Thomas W. Towell, Jr., Esquire  
Rogers & Wells  
200 Park Avenue  
New York, New York 10017

Re: Ceramco, Inc. v. Lee  
Pharmaceuticals, C.A. 74-567

Dear Mr. Towell:

This letter is in reference to the hearings scheduled by the Court for Thursday, May 9, 1974, in response to the Rule 12 (b) issues raised by the outstanding motion of the defendant, Lee Pharmaceuticals. We understand from the Court's order that Ceramco is expected to produce for testimony in open court those witnesses upon whose evidence it expects to rely to discharge its burden to establish venue, personal jurisdiction and subject matter jurisdiction, as well as any witnesses which counsel for Lee desire to cross-examine in connection with Ceramco's representation on Rule 12 (b) (1)-(5) issues.

We ask that you have available to testify in court at 9:30 a.m. on the morning of May 9, 1974, the following individuals:

(a) Mr. H. Gordon Pelton, who verified the complaint in this action and upon whose affidavit the court's show cause order was issued:

(b) James R. Sleininger.

(c) Michael J. Ryan, Jr., who signed the January 16, 1974 letter from Johnson & Johnson to Dr. Henry Lee.

(d) Any other persons in the employ or subject to the control of Ceramco, Inc. or Johnson & Johnson competent

to testify as to any facts set forth in the verified complaint or in the Pelton Affidavit or upon which the plaintiff will rely at the May 9, 1974 hearing.

It is also requested that Ceramco and Johnson & Johnson make available at the offices of Rogers & Wells for inspection and copying by defendant's counsel no later than 10:00 a.m. on Wednesday, May 8, 1974, at least the following documents:

1. "The written agreement" to which reference is made in line 1 on page 2 of the "Pelton Affidavit in Support of the Order to Show Cause" (hereinafter referred to as the "Pelton Affidavit").
2. All documents which constitute or which refer or relate or pertain to said written agreement, the negotiations which led to it, or the performance of the parties under it.
3. All documents other than those specified in Paragraphs 1 and 2 which relate to the alleged "right, title and interest to the trademark GENIE, used alone or in combination" as stated in the first paragraph of page 2 of the Pelton Affidavit.
4. All documents pertinent to any of the Federal Civil Rule 12 (b) issues raised by the defendant's pending motion, including specifically each and every document upon which the plaintiff may rely at the May 9 hearing.
5. Original copies of all pertinent advertising distributed by plaintiff to the trade subsequent to the alleged acquisition in April of 1973 by plaintiff of a right to use the trademark GENIE, including specifically, but without limitation, original copies of each exhibit attached to the Pelton Affidavit.
6. Copies of each document which indicate where and to whom defendant's products in issue in this litigation

have been sold in packages or containers bearing a trademark which includes the word "GENIE".

7. All documents which relate or pertain to Mr. Pelton's sworn statement that defendant "has deliberately and knowingly applied and continues to apply false and misleading markings, descriptions and designations of origin to goods sold in interstate commerce . . . with the intent to obtain an unfair share of plaintiff's business and market in the United States, to produce confusion in the public mind and to misappropriate plaintiff's trademark GENIE to its own use and benefit, all to the irreparable injury of plaintiff" (Verified Complaint, Paragraph 15).

We are concurrently filing with the court a formal request under Rule 34 for the production of additional documents and interrogatories under Rule 33 to develop facts relevant to our Federal Civil Rule 12 defenses. Copies of these pleadings are enclosed. We fully understand that you will not be in a position to respond to these Rule 33 and 34 applications by Thursday, May 9. We have, however, filed these pleadings promptly so that disposition of the Rule 12 issues will not be unduly delayed.

Very truly yours,

/s/ Edward S. Irons  
EDWARD S. IRONS



EXHIBIT B—SUBPOENA

TO Michael J. Ryan Jr.

YOU ARE COMMANDED to appear at U. S. Court House 225 Cadman Plaza, Brooklyn in the city of New York, N. Y. on the 9th day May, 1974, at 9:30 o'clock A.M. to testify on behalf of Lee Pharmaceuticals at the taking of a deposition in the above entitled action pending in the United States District Court for the Eastern District of New York.

Dated May 7, 1974

## EXHIBIT C—SUBPOENA

TO Johnson & Johnson, Inc.

YOU ARE COMMANDED to appear at U. S. Court House 225 Cadman Plaza Brooklyn in the city of New York, N. Y. on the 9th day May 1974, at 9:30 o'clock A.M. to testify on behalf of Lee Pharmaceuticals at the taking of a deposition in the above entitled action pending in the United States District Court for the Eastern District of New York pursuant to Rule 30(b)(6) of the Federal Rules of Civil Procedure. The testimony of Johnson & Johnson is to be taken through persons in its employ or under its control that are competent to testify as to any facts on which Plaintiff's will rely at the May 9, 1974 hearing before U.S.D.J. Constantino.

Dated May 7, 1974

**PLAINTIFF'S MEMORANDUM IN OPPOSITION TO  
DEFENDANT'S RULE 12(b) MOTION**

filed May 23, 1974

This memorandum is respectfully submitted by plaintiff, Ceramco, Inc., in opposition to defendant's motion under Rule 12(b) of the Federal Rules of Civil Procedure. That motion seeks to dismiss the complaint on the grounds of insufficient process, improper venue and lack of personal and subject matter jurisdiction. As indicated below, after an evidentiary hearing ordered by the Court, defendant's motion must be denied.

*Preliminary Statement*

Before dealing specifically with the motion, comment must be made on defendant's unwarranted slur on this Court that the Court, from the beginning, has proceeded in an improper and void manner and that the Court has denied defendant a full and fair hearing. The record establishes beyond any question that this Court has bent over backwards to give defendant a full opportunity to be heard and to present any motion, defense or evidence it wanted to. This is in spite of the fact that defendant, for its own particular reasons, has chosen to proceed in a palpably improper manner and to forego opportunities given to it by this Court to have a full hearing on the issues raised.

It cannot be emphasized too strongly at the outset that the defendant's motion claiming lack of proper service of process, and claiming that it is not subject to New York jurisdiction, was brought on by a barebones attorney's affidavit which simply states, without support, that service was improper, jurisdiction does not exist, and the proceeding is void. That affidavit does not contain one statement of fact concerning whether the products of defendant Lee Pharmaceuticals ("Lee"), includ-

ing the infringing product, are sold in the State of New York, and does not contain one statement of fact concerning the service of process. At this time, over one month after the complaint and order to show cause have been served, there is not one word of testimony, not one sworn affidavit from any of Lee's officers or employees with knowledge of the facts in the record to support defendant's motion. It is submitted that for this reason alone the motion is improper, and is in violation of the requirements of Rule 7(b) of the Federal Rules that motions "shall state with particularity the grounds therefor". Serious question must be raised about the validity of the defenses and about the serious charge that the Court denied defendant an opportunity of a full and fair hearing if no officer of Lee is willing to submit an affidavit setting forth facts supporting the defenses raised. This is particularly so in light of the statement made on the record by defendant's counsel at the time the motion was filed that she simply did not know (and apparently felt it not worth bothering to find out) whether or not Lee's products are sold in New York. (Transcript, April 30, p. 20-21) Extensive time and effort of this Court, as well as counsel, has been needlessly spent because defendant chose to remain silent rather than to admit to indisputable facts: that service of the papers was made on Lee in California and that Lee's products are sold in New York.

A chronology of this case establishes that this Court has granted defendant more than ample opportunity to prepare for and present all issues. The summons, complaint, order to show cause with supporting affidavit and memorandum were served on an officer of Lee on April 15, with a return date of April 26. On April 26, defendant did not submit a motion raising any defenses or make a formal request for additional time, but simply presented an unsworn letter of its counsel to the



Court claiming, among other thing, that the entire Court proceeding was improper and void. In spite of the obvious impropriety of such procedure, this Court gave defendant until April 30 to present proper papers raising any objections or defenses it wanted to.

Plaintiff returned to Court on April 30 with Mr. Sleininger, its Vice President (and one of the men defendant now complains it has never been given an opportunity to examine) prepared to go forward. At the April 30 hearing, defendant presented its 12(b) motion in the form of an attorney's affidavit which sets forth no facts and which, as noted, was submitted by an attorney who admitted in Court she did not know whether defendant's products are sold in this district. In spite of the fact that defendant had not presented any factual affidavit which properly raised jurisdictional issues, or stated with particularity the grounds for the motion, the Court ordered an evidentiary hearing on the questions raised whether service of process was proper and whether the products of defendant are sold here.

At the April 30 hearing, defendant's counsel claimed defendant needed and planned to take voluminous discovery, and would make a motion for discovery. The Court quite properly pointed out that nothing was preventing defendant from taking discovery, that it could make any motion it wanted to on proper papers, and that defendant could have done so from the first day it received the papers. (Transcript, April 30, p. 5-6) The Court put the evidentiary hearing on for May 9th, the May 3rd date originally proposed by the Court being inconvenient for defendant's counsel \*

In preparation for that evidentiary hearing, plaintiff, having the burden of going forward, served trial sub-

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\* The statement on page 3 of defendant's brief that the hearing was put over at plaintiff's request is erroneous as shown in the transcript, page 19.

poenas on third party dental supply houses located in the New York City and Brooklyn area to testify to the simple fact, which is obviously now indisputable, that Lee's products are sold extensively in New York. Two such suppliers appeared at the hearing pursuant to subpoena and testified, which testimony will be discussed below.

Defendant, on the other hand, sat back, and *did not subpoena anyone* to testify at the May 9 hearing (contrary to what is stated on page 3 of defendant's brief), *nor did it present any evidence at the hearing*. Rather, on May 7, two days before the hearing, without any prior request to plaintiff's counsel, and even though defendant has had since April 15 to take discovery, defendant served a notice to take five depositions, scheduling all the depositions for the very same time as the evidentiary hearing, 9:30 A.M., May 9. In support of the deposition, defendant served two deposition subpoenas, one on an attorney for Johnson & Johnson, a non-party. Again, it must be emphasized that defendant did not serve any trial subpoenas, even though plaintiff's offices are located in Queens and all of the officers of plaintiff sought by defendant could have been easily subpoenaed at any time after April 30.\* In addition, defendant served Rule 33 interrogatories and Rule 34 document requests which, under the Rules, would not become due for 30 days. An informal document request was also made, and plaintiff's counsel supplied defendant's counsel with the documents then available.

Clearly, the deposition notice was unreasonable, improper, untimely, and could only serve to interfere with the hearing itself. Accordingly, plaintiff served a motion

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\* Defendant's claim that plaintiff made an agreement to produce Mr. Pelton, plaintiff's President, at the May 9 hearing is incorrect, as shown in the April 30 transcript, page 19.

opposing the notice and subpoenas, asking that they be struck or modified by adjourning the dates.

On May 9, the Court quite properly ordered the hearing to go forward, and it is totally irresponsible for defendant to claim it has not been given a fair hearing or an opportunity to prepare testimony in support of its motion. It has had since April 15, when the summons, complaint and order to show cause were served to go forward with discovery. At any time since the April 30 hearing, it could have made reasonable deposition requests of plaintiff and they would have been honored. It could have served trial subpoenas on anyone. At the hearing on May 9, a vice president and director of plaintiff was present in Court and could have been called by defendant to testify but defendant voluntarily elected not to present *any* evidence or even to submit any affidavit of fact supporting its motion.

Defendant's reliance on *Agrashell, Inc. v. Bernard Sirotta Co.*, 344 F.2d 583 (2d Cir. 1965) in support of its contention that this Court has denied it a fair hearing is hardly justified. In the first place, in *Agrashell* defendant, in support of its jurisdiction motion, submitted affidavits of three of its officers which set forth facts on jurisdiction, and did not simply submit an attorney's affidavit without any factual substance. More importantly, in *Agrashell* the Court denied the plaintiff, not defendant, a right to an evidentiary hearing, the very thing this Court granted. In *Agrashell*, the Court of Appeals remanded for an evidentiary hearing in order to allow plaintiff the opportunity to develop further facts in support of its contention that defendant was subject to jurisdiction and to try to resolve conflicts of fact in the various affidavits. In the instant case, the record is bare of any conflicting affidavit or testimony presented by defendant.

In summary, defendant has been granted full opportunity to be heard. The charge that this Court has acted improperly and unfairly is groundless. Rather, defendant, for reasons known only to itself, has chosen to engage in dilatory tactics rather than get to the substantive issues involved in this action.

### *STATEMENT OF THE FACTS*

On Friday, April 12, plaintiff obtained an order to show cause, signed by the Honorable Judge Dooley of this Court, bringing on plaintiff's preliminary injunction motion in an unfair competition and trademark infringement case. The preliminary injunction seeks to restrain defendant from continuing acts of trademark infringement and unfair competition. The facts concerning the claim are set forth in the verified complaint and in the affidavit of Gordon Pelton, president of plaintiff, submitted in support of the motion. The order to show cause provided for personal service of the order, together with the papers on which it is based, on defendant Lee Pharmaceuticals at its offices in South El Monte, California by April 16. In order to effect such immediate service in California and to save substantial time, fees and expense, an application was also filed and an order obtained permitting service to be carried out by a representative of Pinkerton's Detective Agency, who is a citizen of the United States, over 18 years of age and not a party to this action.

Pursuant to that order, the papers were served on Lee in California on April 15 by John Prossor, an employee of Pinkerton's Detective Agency. Personal service was made upon Lee on April 15 by serving Ria Lee, Secretary of Lee Pharmaceuticals. Indeed, the very first response submitted by defendant to this Court, Mr. Iron's letter of April 23, states, on page 4:



"We respectfully call attention of the Court to the fact that these papers were purportedly served on Lee Pharmaceuticals in South El Monte, California by an individual who stated he 'was from Pinkerton's' on April 15, 1974, and that the papers were thereafter forwarded to the offices of Lee's Washington, D.C. counsel."

Proof of service as required by Rule 4(g) of the Federal Rules of Civil Procedure was filed in Court prior to the return date of the hearing on the preliminary injunction. The proof of service certifies to the appointment to serve process and to the facts of service.

As set forth in the verified complaint and the affidavit submitted in support of the preliminary injunction motion, plaintiff raises a claim under Section 43(a) of the Trademark Act; a claim for common law trademark infringement and unfair competition; and a claim for unfair competition under Section 368(d) of the General Business Law of New York. Very briefly stated, plaintiff, a New York corporation with its principal place of business located in this district, manufactures, distributes, advertises and sells a dental corrective composition under the name "Genie". Lee manufactures and sells a dental bracket adhesive under the name "Genie." Plaintiff claims that the defendant's recent use of the trade name "Genie" for its product constitutes infringement of, and unfair competition with plaintiff's dental product sold under the name "Genie."

In the verified complaint and affidavit in support of the order to show cause plaintiff alleges on information and belief that the products of Lee, including the infringing product, are sold throughout the United States, including in the Eastern District. When defendant raised its 12(b) motion, this Court ordered the hearing to resolve the issue of whether defendant's product is sold in this district.

At the hearing, plaintiff presented the testimony of employees of two dental supply houses. Briefly stated, Mr. Julian Cohn, purchasing agent of merchandising for Healthco-Rower, Inc., 331 West 44th Street, New York, N.Y., testified that his company stocked and sold in New York City and Brooklyn Lee's products, including the infringing "Genie" product. Price lists on the product are kept. He stated that the Genie product is purchased directly from Lee's California plant and that the products are shipped directly from Lee to Healthco-Rower in New York City. He further stated that Herbert Tiger, a salesman or representative of Lee, calls upon the New York City office of Healthco-Rower to see if sales are all right, to see if anything is needed, and to see if there are any troubles with the product. Invoices from Lee are sent to the New York City office, approved, and then sent to Healthco's Boston office for payment. Mr. Cohn further testified that he had first heard of the Ceramco gold Genie product years ago when it was made by Wilkenson. Mr. Cohn testified that Healthco has sold gold Genie on special request but does not stock it. (Transcript, May 9, p. 4-9)

Similar testimony was elicited from Irving Penchuk, who own his own dental supply business located at 1998 Nostrand Avenue, Brooklyn, New York. He testified that he stocks and sells Lee products, including the infringing "Genie" product, in Brooklyn, Manhattan, anywhere. He stated that a salesman of Lee calls upon him. He further testified that he orders the products directly from Lee in California or places the order with the Lee salesman who sends it in, and the products are shipped from Lee directly to him. Mr. Penchuk brought Lee invoices covering these purchases to Court and an example invoice showing a purchase from Lee of the infringing "Genie" product was marked as plaintiff's Exhibit 1. Payment is made by check sent to California. (Transcript, May 9, p. 9-12)

Defendant did not present any testimony contradicting these facts. Indeed, defendant did not present one fact, in any form or fashion, to this Court. The record stands uncontradicted that service of process was proper; that Lee's products, including the infringing "Genie" product, are sold by Lee to dealers in New York, including Brooklyn, and these dealers in turn sell the products to the ultimate customers in this district; that salesmen of Lee are actively representing Lee in this district, soliciting orders and looking after its products; and that jurisdiction and venue have been established.

#### SERVICE OF PROCESS WAS PROPER

Defendant's contention that service of process was improper is equally as invalid as the claim that it did not have a fair hearing. Moreover, its claim concerning lack of process must be considered in light of the fact that it has not submitted any affidavit denying that an officer of defendant was served with the papers in timely fashion by a representative of Pinkerton's Agency. The April 23 letter of its counsel admits as much.

Service of process in the instant case was perfectly proper and technically correct under the rules of this Court. Moreover, the liberal construction of the federal rules is applicable to service of process, as well as to other aspects of litigation. As stated in 4 Wright and Miller, *Federal Practice and Procedure*, § 1083:

"The general attitude of the federal courts is that the provisions of Rule 4 should be liberally construed in the interest of doing substantial justice and that the propriety of service in each case should turn on its own facts within the limits of the flexibility provided by the rule itself. This is consistent with the modern conception of service of process as primarily a notice-giving device."

Rule 4(c) of the Federal Rules of Civil Procedure authorizes service of process by a person especially appointed by the Court for that purpose. Moreover, Rule 12 of the General Rules of this Court provides that the Clerk of the Court may sign orders authorizing the appointment of someone to effect service of process. The need for the appointment of someone to immediately serve the order to show cause, out of state at defendant's place of business in California, is obvious and fully justifies the need to bypass the more routine, but slow procedures of service by a federal marshal.

Pursuant to a proper application by sworn affidavit, a representative of Pinkerton's Detective Agency, who could serve Lee in California, was appointed. Said representative, John Prossor, did in fact serve the papers on Lee's secretary in California and submitted a sworn affidavit of service which was filed with the Court, as required by Rule 4(g) of the Federal Rules of Civil Procedure. Defendant has cited no case in which Rule 12 has been held to be an unconstitutional delegation of authority. This ministerial act is a far cry from having a Court clerk authorize the ex parte seizure of property which was the issue discussed in the *Mitchell v. W. T. Grant Co.*, — U.S. —, 42 USLW 4671 (May 13, 1974) (cited defendant's brief p. 8). Moreover, a federal court in New York has also held that the appointment of any suitable person not a party to the action and over 18 years of age (the requirements of Rule 45 for service of a subpoena) is proper. *In Re Evanishyn*, 1 F.R.D. 202 (S.D.N.Y. 1939).

Defendant, although given the opportunity to do so, has failed to present any evidence establishing that there was anything improper about the service of process. Defendant's brief cites a part of a paragraph from Section 1083, Wright & Miller, *supra*, to the effect that the burden of establishing the validity of process, when challenged, is on the party on whose behalf service is



made, but defendant conveniently omits the last sentence of the very paragraph it quoted, which states: "Normally, the process server's return will provide a prima facie case as to the facts of service." Once a proper return of service is filed, the burden is on the defendant to show that there was something improper in the service. Even a sworn affidavit of defendant disputing the fact of service (which is lacking here) is not enough to support defendant's burden or to require a hearing. *U.S. v. Scheiner*, 308 F.Supp. 1315 (D.C.N.Y. 1970); *Halpert v. Appleby*, 23 FRD (D.C.N.Y. 1958). Moreover, under Rule 4(g) of the Federal Rules of Civil Procedure, even the failure to file a return of service does not affect the validity of the service made.

Defendant's argument concerning service of process also overlooks Rule 4(d)(7) of the Federal Rules of Civil Procedure. That rule provides that when service is made on a corporation, any method of service authorized by state statute is proper and effective in the federal action. In the instant case, out-of-state service of process on a foreign corporation subject to jurisdiction under CPLR 301 or 302 is proper under CPLR 313.

Finally, defendant, obviously willing to make any specious argument, presents to the Court a novel circular argument. On the one hand it claims it is not subject to jurisdiction in New York and not found here. On the other hand, it claims that if it is found here it had to be served in New York (Def. Brief, p. 10-11). This argument hardly deserves comment. Under Rule 4(d)(3), 4(d)(7) and 4(e) of the Federal Rules, out-of-state service on a foreign corporation is proper if the summons is delivered to an "officer, a managing or general agent, or on any other agent authorized by appointment or by law to receive service of process." Defendant's offices and officers are located in South El Monte, California, where service was effected.

DEFENDANT IS SUBJECT TO NEW YORK JURISDICTION AND VENUE IN THIS DISTRICT IS PROPER

It is clear that defendant's products, including the infringing product, are sold extensively in this district by various dental supply houses, and that defendant's salesmen are active here. Its activities are continuous and systematic. Defendant has not presented any affidavit or testimony contradicting these facts. On this record, defendant is subject to jurisdiction in New York under CPLR 301 or 302. Defendant's brief is devoid of any citation of cases dealing with CPLR 301 and 302. The reason for this omission is obvious—no case dealing with the law applicable here supports defendant. Under the facts of this case, venue is proper in this district pursuant to 28 USC § 1391(a) and (b), as the cases discussed below establish.

Jurisdiction exists under CPLR 302, the long arm statute. The fact that defendant's infringing product is sold here constitutes a cause of action arising out of defendant's transaction of business within the State, CPLR 302(a)1; defendant's commission of a tortious act within the state, CPLR 320(a)2; and defendant's commission of a tortious act within the State (California where the product is manufactured and labelled) causing plaintiff injury within the state, CPLR 302(a)3. If jurisdiction exists under either CPLR 301 or 302, out-of-state service is proper under CPLR 313.

In *Car-Freshner Corp. v. Broadway Mfg. Co.*, 337 F.Supp. 618 (S.D.N.Y. 1971) defendant was charged with infringing plaintiff's mark and unfair competition. Defendant, a New Jersey corporation, moved to dismiss on grounds of lack of jurisdiction; improper service and improper venue. Defendant's products, including the in-

fringement product, were sold in New York and in the Southern District through manufacturing representatives. Service was made on defendant's shop foreman at defendant's place of business in New Jersey. The Court denied the motion on all grounds, stating (at p. 619-20):

"This Court recently held that a trade mark and unfair competition dispute such as herein involved was not only related to, but 'arose' in the judicial district in which the products of the parties are sold, that New York CPLR § 302(a) (McKinney 1970) provides that personal jurisdiction over a non-resident is obtainable by out-of-state service, and that Title 28 U.S.C. Section 1391 (a) and (b) permit venue in a judicial district where the 'claim arose'. *Carter-Wallace, Inc. v. Ever-Dry Corp.*, *supra*.

"Defendant's alleged infringement and unfair competition of which plaintiffs complain is a tortious act occurring within and without the State of New York, causing injury to plaintiffs in this state. *Samson Cordage Works v. Wellington Puritan Mills, Inc.*, 303 F.Supp. 155, (D.R.I. 1969).

" '[I]n cases of trade-mark infringement and unfair competition, the wrong takes place not where the deceptive labels are affixed to the goods or where the goods are wrapped in the misleading packages, but where the passing off occurs, i.e., where the deceived customer buys the defendant's product in the belief that he is buying the plaintiffs.' *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 639 (2d Cir.), cert. denied, 352 U.S. 871, 77 S.Ct. 96, 1 L.Ed.2d 76 (1956). Footnote omitted.)"

In *Carter-Wallace, Inc. v. Ever-Dry Corporation*, 290 F.Supp. 735 (S.D.N.Y. 1968), a declaratory judgment action involving claims that plaintiff's use of the words

"Extra Dry" on its Arrid deodorant constituted unfair competition and infringed defendant's use of the same words on similar products, the Court dismissed defendant's motion to dismiss for lack of jurisdiction and improper venue. Defendant, a Tennessee corporation with offices in Memphis, did not have property, offices or employees in New York. However, defendant had a growing nationwide business, and its products were sold in New York through independent sales representatives. All orders were sent to and accepted at defendant's Memphis office. After finding that jurisdiction existed under CPLR 301, based upon the totality of defendant's contacts with New York, the Court went on to discuss jurisdiction under CPLR 302 (at p. 739-40):

"Section 302(a), N.Y.C.P.L.R., provides that personal jurisdiction over a non-resident may be acquired by out-of-state service of process in a suit arising out of the non resident's transaction of business in New York; and Title 28 U.S.C. § 1391(a) and (b) permit venue in a judicial district where the 'claim arose.'

"Regardless whether the instant suit is deemed to invoke jurisdiction over the subject matter based on diversity of citizenship or a federal question, it appears that Carter-Wallace's claim that it is entitled to use the words 'Extra Dry', free and clear of Ever-Dry's assertion of a trademark therein, arose at least in part as a result of transaction of business in this district. The instant suit grows out of the fact that both parties sell their respective products bearing the words 'Extra Dry' throughout the country and that one of the most important markets where they have been sold is in this district. Charges of unfair competition were directed by Ever-Dry to Carter-Wallace at its headquarters here, based in part on the fact that both were using the words 'Extra Dry' on products sold here. Although the claim arose also in other districts, that



fact would not derogate its having arisen here. Moreover, although Carter-Wallace's claim is in the form of a suit for declaratory judgment, a dispute of substance has arisen here, regardless of the form in which it is presented, and injunctive relief is demanded."

In *Samson Cordage Works v. Wellington Puritan Mills, Inc.*, 303 F.Supp. 155 (D.R.I. 1969), another infringement action, claims of lack of jurisdiction, improper service and improper venue were all rejected by the Court, and jurisdiction was sustained under Rhode Island's long-arm statute. In *Samson*, in determining venue under § 1391(c), the Court stated that, without deciding whether "doing business" for venue purposes was the same as the minimum contact test for personal jurisdiction, defendant was doing business in Rhode Island because of continuing and systematic contact with that State which indicated "that defendant has far more than a sporadic, occasion, or passing interest in the cultivation of the Rhode Island market." The activities of defendant there were sale of its product in Rhode Island through independent manufacturer's representatives who actively dealt with and helped purchasers of defendant's products.

In *Doumaux v. Gurney*, 363 F.Supp. 1209 (E.D.N.Y. 1973), this Court found jurisdiction under CPLR 302 (a) (3) on the basis that plaintiff's cause of action was predicated upon the commission of a tortious act-fraud-outside New York which caused injury to plaintiff within New York.

See also *Waltham Watch Company v. Hallmark Jewelers, Inc.*, 336 F.Supp. 1011 (N.D. Ill. 1971) (tort occurs when defendant from its business out of state sends its products bearing the allegedly infringing mark into Illinois.) \*

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\* *Fox-Keller, Inc. v. Toyota Motor Sales, Inc.*, 338 F.Supp. 812 (E.D. Pa. 1972) (Def. Br., p. 19) and *Philadelphia Housing Au-*

Other cases, dealing with personal injuries, are legion to the effect that when defendant's product is sent into the state and causes injury there, jurisdiction is established under CPLR 302 even though the defendant's contact with the state where the injuries occur are not great. For example, in *Singer v. Walker*, 15 N.Y.2d 443 (1965), plaintiff was injured when a hammer manufactured by defendant broke. Defendant was not doing business in New York, but shipped its products f.o.b. Illinois to a New York City retailer from whom plaintiff purchased the hammer. Jurisdiction was upheld under CPLR 302(a)(1), the Court holding that the claim arose from defendant's purposeful activities in the state. See also *Buckley v. Red-Bolt, Inc.*, 268 N.Y.S.2d 653 (Sup. Ct. Rennselaer Co. 1966); *Lewin v. Bock Laundry Machine Co.*, 249 N.Y.S. 2d 49 (Sup. Ct. Kings Co. 1964), *aff'd*, 22 A.D.2d 854 (2nd Dep't 1969), *aff'd*, 16 N.Y.2d 1070 (1965). Decisions under CPLR 302(a)(3) are similar. *Gonzalas v. Harris Chlorophic Co.*, 315 N.Y.S. 2d 51 (Sup. Ct. Queens Co. 1970); *Newman v. Charles Natham, Inc.*, 285 N.Y.S.2d 688 (Sup. Co. Kings Co. 1967). Moreover, it has been held by this Court in a wrongful death action that venue is proper where the wrongful death occurs even though defendant's only contact with that forum was *one* sale of the electrical equipment alleged to have caused the death. *Rosen v. Savant Instruments, Inc.*, 264 F.Supp. 232 (E.D.N.Y. 1967).

On the uncontradicted record in this case, jurisdiction is also established under CPLR 301, the traditional doing business test, and venue is proper in this district.

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*thority v. American Radiator & Standard Sanitary Corporation*, 291 F.Supp. 252 (E.D. Pa. 1968) (Def. Br., p. 18), both anti-trust cases, are inapplicable. In *Fox-Keller*, the Court found that defendant Toyota Sales made no sales directly to distributors, retailers or customers in New York. In *Philadelphia Housing*, the Court noted that venue rules would be different in tort cases (claim arises where injury occurs) than in antitrust cases.

Defendant's activities here are systematic and continuous. Its sales representatives in New York take orders, check on sales, and help with any troubles with its products. Dental supply houses sell its products actively. Clearly defendant has actively cultivated the market here. The fact that it has chosen to conduct its business by having sales to the ultimate user of the product made through dental supply houses cannot shield it from New York jurisdiction. In *Gelfand v. Tanner Motor Tours, Ltd.*, 385 116, 121 (2d Cir 1964), *cert. denied*, 390 U.S. 996 (1964), the Court held "that a foreign corporation is doing business in New York . . . when its New York representative provides services beyond mere solicitation and these services are sufficiently important to the foreign corporation that if it did not have a representative to perform them, the corporation's own officials would undertake to perform substantially similar services."

In the instant case, defendant's activities go beyond mere solicitation, and accordingly, it is doing business in New York under CPLR 301.\*

### SUBJECT MATTER JURISDICTION

Defendant's brief (pp. 21-23) concedes that defendant at this point cannot sustain its argument that subject matter jurisdiction is lacking, and hence discussion on this point is unwarranted. The complaint properly states claims under federal law, common law and state law.

### CONCLUSION

For the foregoing reasons, it is respectfully submitted that defendant's rule 12(b) motion should be denied, and that plaintiff should be allowed to go forward on its preliminary injunction motion.

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\* If the jurisdictional standard under CPLR 301 is established, the venue standard is also established. *Carter-Wallace Inc., supra*, 290 F.Supp. at 737.

**NOTICE OF MOTION****filed May 20, 1974**

Please take notice that the defendant will move in Courtroom 1, of the United States District Court for the Eastern District of New York, at 9:30 A.M. on May 30, 1974, for an order pursuant to Canons 5 and 7 of the Code of Professional Responsibility and associated disciplinary Rules DR 5-102 and DR 7-104

1. That Thomas W. Towell, Jr. and the firm of Rodgers & Wells be disqualified from further participation in the litigation, and for such other relief as the Court may deem just and proper; and

2. That the plaintiff be precluded from relying for any purpose upon the aforesaid (1) verified complaint in this action (2) the affidavit of H. Gordon Pelton entitled "Affidavit In Support of Order to Show Cause" and verified April 11, 1974 (3) the affidavit of Thomas W. Towell, Jr. verified April 29, 1974 and (4) the testimony of Irving Penchuk and J. Cohn taken May 9, 1974 in this action.

3. That the Court wholly disregard and strike the aforesaid complaint, Pelton affidavit and Penchuk and Cohn testimony except only to the extent that consideration of said items may be necessary in connection with its disposition of this motion.

In support of this motion plaintiff will present the following exhibits:

Exhibit 1, letter of January 16, 1974 from Michael J. Ryan, Jr. Office of General Counsel to Mr. Henry Lee of Lee Pharmaceuticals, Inc.

Exhibit 2, letter of January 28, 1974 from Lee Pharmaceuticals counsel Mary Helen Sears to Michael J. Ryan.



Exhibit 3, letter of May 1, 1974 from Edward S. Irons to Thomas W. Towell, Jr.

Exhibit 4, letter of May 10, 1974 from Thomas W. Towell, Jr. to the Court.

This motion is brought without waiver or compromise of plaintiff's presently pending motions under Rule 12(b) of the Federal Rules of Civil Procedure.

EXHIBIT 1

JOHNSON & JOHNSON

Office of General Counsel

New Brunswick, N.J.

January 16, 1974

Mr. Henry Lee  
Lee Pharmaceuticals, Inc.  
P.O. Box 3836  
South El Monte, California 91733

Re: 61A GOLD GENIE and CERAMIC METAL GENIE  
for Dental Compositions GENIE for Orthodontal  
Bracket Adhesive

Dear Mr. Lee:

Our attention has been directed to the fact that your company has very recently adopted the trademark GENIE in connection with the sale, advertising, and promotion of a direct bonding adhesive designed for use with both metal and plastic orthodontal brackets. I refer you specifically to your Technical Bulletin No. 2030 dated September 30, 1973, which describes in some detail the nature of your bracket adhesive product and how it is designed to be of assistance to orthodontists.

As you may be aware, Ceramco, Inc., our wholly owned subsidiary, has adopted and is commercially using GOLD GENIE and CERAMIC METAL GENIE in connection with corrective compositions. Ceramco's rights in these trademarks, as well as CM GENIE and FIBER-METAL GENIE, were acquired from and through Culver Laboratories, Inc. and the Wilkinson Company last year. Both of these predecessor companies had also used GOLD GENIE and CERAMIC METAL GENIE for the same corrective compositions for a number of years preceding the acquisition of their rights by Ceramco and certainly long before any use by Lee Pharmaceuticals.

We regard the adoption of GENIE for a product so closely related to ours as an infringement of our rights and an attempt to dilute the very substantial good will of Ceramco, Inc. which our marks represent. Accordingly, we must insist that all use of GENIE in connection with a direct bonding adhesive bracket and any other dental or dental type product be discontinued with all reasonable expedition.

In view of the fact that your adoption of GENIE for your product is a quite recent occurrence, there appears to us to be no reason why you cannot quickly change to a trademark distinctly different from ours and thereby obviate the high likelihood that confusion will occur in the trade as a result of your objectionable action. We would suggest that a reasonable period for discontinuance of the mark GENIE and phasing in an alternative mark would be no longer than three (3) months from the date of this letter.

So as to guide us in our future course of action with respect to this matter, would you kindly advise us by return mail whether you would be willing to accept this proposal.

Very truly yours,

/s/ Michael J. Ryan, Jr.  
MICHAEL J. RYAN, JR.

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## EXHIBIT 2

January 28, 1974

Mr. Michael J. Ryan, Jr.  
Office of General Counsel  
Johnson & Johnson  
New Brunswick, New Jersey

Re: *GENIE Trademark for Orthodontic Bracket Adhesive*

Dear Mr. Ryan:

Your letter of January 16, 1974 addressed to Dr. Henry Lee of Lee Pharmaceuticals has been referred to this office for consideration of the questions posed and the legal rights of Lee Pharmaceuticals in the premises.

Our investigations reveal that there are no active or abandoned federal trademark registrations and no pending federal trademark registrations for any of the names GOLD GENIE, CERAMIC METAL GENIE, CM GENIE or FIBER-METAL GENIE identified in your letter. Neither Lee Pharmaceuticals nor this firm is otherwise acquainted with any use of these names in the field of dental products.

We accordingly must look to you for some assistance in providing facts which will permit us to evaluate your proposal. Specifically, we request that you appraise us as to the general nature and composition of the so-called "corrective compositions" to which your letter alludes and that you provide information concerning the dates at which each of the above mentioned names were first utilized on commercial products of any nature by the companies from which Ceramco is indicated to have acquired rights. We would also like to know the geographic areas in which the products were sold and whether any prod-



ucts were being sold under any of the aforementioned names as of the time that Ceramco "acquired" rights in them. If you have any other information which would assist us in evaluating your claim for "very substantial good will of Ceramco, Inc." in these names, we believe it would be appropriate for you to bring it forward in the interests of amicably and promptly resolving the problem posed by your letter.

We shall look forward to hearing from you in the near future.

Very truly yours,

/s/ Mary Helen Sears

EXHIBIT 3

May 1, 1974

Thomas W. Towell, Jr., Esquire  
Rogers & Wells  
200 Park Avenue  
New York, New York 10017

Re: Ceramco, Inc. v. Lee Pharmaceuticals, C.A. 74-567

Dear Mr. Towell:

I refer to your affidavit verified April 29, 1974 which you have caused to be filed and upon which you have relied on behalf of your client in the subject litigation.

This affidavit establishes on your oath that you have communicated with Lee Pharmaceuticals in connection with the subject litigation, well knowing that Lee is represented by counsel, that you have conducted such communications without consent of Lee's counsel, and that you have no authorization by law to so act.

Further, upon the basis of your communications with Lee under the circumstances above stated, you have acted as a witness on behalf of your client, Ceramco, Inc., by testifying through your aforesaid affidavit and by relying upon said affidavit at the hearing held April 30, 1974.

Under these circumstances, we respectfully invite your attention to the Code of Professional Responsibility and particularly Disciplinary Rules DR 5-102 and DR 7-104.

In the circumstances, we understand and expect that you and your firm will take appropriate action, including affirmative written withdrawal of your aforementioned affidavit by an appropriate paper filed in the Court.

Very truly yours,

Edward S. Irons

EXHIBIT 4

May 10, 1974

Honorable Mark A. Constantino  
United States District Judge  
Eastern District of New York  
United States District Courthouse  
225 Cadman Plaza East  
Brooklyn, New York

Re: Civil Action No. 74C-567  
Ceramco, Inc. v. Lee Pharmaceuticals

Dear Judge Constantino:

At the hearing held in the above case on April 30, 1974, before your Honor ordered the evidentiary hearing on jurisdiction which went forward on May 9, I submitted my affidavit dated April 23, 1974. Since there has been an evidentiary hearing in which live testimony was presented, I hereby request that my April 29 affidavit be withdrawn. Defendant's counsel, Mr. Irons, concurs in my request that the affidavit be withdrawn.

Sincerely yours,

Thomas W. Towell, Jr.

cc: Irons, Sears & Santorelli

**DEFENDANT'S MEMORANDUM IN SUPPORT OF  
MOTION TO DISQUALIFY ETC.**

filed May 21, 1974

Statement of Facts

On January 16, 1974, Michael J. Ryan, Office of General Counsel, Johnson and Johnson, addressed a letter (Motion Exhibit 1) to Mr. Henry Lee of Lee Pharmaceuticals alleging certain "rights" of "Ceramco, our wholly owned subsidiary" in the marks "Gold Genie" and "Ceramic Metal Genie" for unidentified "corrective compositions" and insisting that Lee discontinue "all use of 'Genie' in connection with a direct bonding adhesive bracket".

On January 28, 1974 Lee's counsel Mary Helen Sears of Irons, Sears and Santorelli replied (Motion Exhibit 2) to Mr. Ryan's January 16, 1974 letter requesting additional information.

From and after receipt of the letter of January 28, 1974, Motion Exhibit 2, Mr. Ryan and his clients Johnson and Johnson and Ceramco knew that Lee was represented by counsel. Johnson and Johnson's and Ceramco's counsel Rogers and Wells is chargeable with the same knowledge.

In an affidavit verified on April 29, 1974 plaintiff's counsel Thomas W. Towell, Jr. of Rogers and Wells, swears that, notwithstanding *the then known fact* that Lee was represented by counsel:

*"On April 2, 1974, prior to the institution of this action, I personally placed a call to Lee's home office in South El Monte, California, telephone No. (213) 442-3141. I asked for and was referred to the Order Department. When the Order Department answered, I stated I was interested in Lee's Genie dental adhesive product and inquired whether Lee*



had any dealers in New York who sold this product in the New York City area. I was informed that there were a number of dealers in Manhattan, Brooklyn and surrounding areas. I inquired for the names of some of the Manhattan dealers that I might call. I was then told that *Rower Dental Supply Company, 331 West 44th Street, New York, New York, and Dental Equipment Specialists, Inc., 123 East 24th Street, New York, New York*, handled the product. I was also informed that Rower was one of the Healthco companies. I then placed a call to Dental Equipment Specialists, Inc. and inquired whether it handled and sold the Genie bracket adhesive made by Lee, and was informed that it did so."<sup>1</sup>

On April 12, 1974 the verified complaint was filed in this action together with an "affidavit in Support of Order to Show Cause". Both the complaint and the affidavit were verified by H. Gordon Pelton, President and Chief Executive Officer of plaintiff, Ceramco, Inc. A show cause order was issued, *ex parte* on the basis of these pleadings.

Paragraph 2 of the verified complaint alleges, "Upon

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<sup>1</sup> The preceding paragraph of the April 29, 1974 Towell, Jr. affidavit states:

*"I am an attorney associated with Rogers & Wells, attorneys for plaintiff Ceramco, Inc. On April 26, I appeared before the Court to argue plaintiff's motion for a preliminary injunction to restrain defendant Lee Pharmaceuticals ("Lee") from infringing plaintiff's trademark "Genie." At that time the only paper submitted by defendant was a letter addressed to the Court from defendant's counsel stating, among other things, that it considered plaintiff's motion void, and also claiming lack of jurisdiction. At that time the Court ordered the defendant to submit proper papers on any jurisdictional or other special issues it wished to raise, and ordered the parties to return to the Court on Tuesday, April 30th. At this time I do not know exactly what issues will be raised by defendant or on what basis it claims lack of jurisdiction. However, in anticipation of a motion, I submit this affidavit to bring certain relevant facts of which I have knowledge to the Court's attention.*

information and belief, defendant Lee Pharmaceuticals . . . is doing business in the State of New York."

The only record basis for this "belief" is found in the averment in the Pelton affidavit that:

*"An investigation conducted by Ceramco indicates that Lee's product is being distributed throughout the United States by various dental supply houses, including dental supply houses located in the State of New York. Upon information and belief GENIE dental bracket adhesive is sold in Manhattan by at least two organizations, Rower Dental Supply Co., 331 West 44th Street and Dental Equipment Specialists, Inc., 123 East 24th Street." (p. 5)*

The "investigation" to which Mr. Pelton adverts, is, of course, the telephone "investigation" conducted by Rodgers & Wells and Mr. Towell, Jr. "on April 2, 1974, prior to the institution of this litigation" to which reference is made in the quotation from the Towell affidavit which appears *supra*, p. 2.

Not only is this fact apparent from the identity of the information as to alleged Lee "dealers" in New York<sup>2</sup> —Mr. Towell, when questioned by Mr. Irons at the Court-house on May 9th, admitted that the above quoted paragraph from the Pelton affidavit was based "*in part*" on his own April 2, 1974 investigation "prior to the institution of this action.

At a hearing held on April 26, 1974 the court allowed defendant until April 30 to file "proper papers to indicate the reasons why you say this Court has no jurisdiction or has no right to take part in the venue of this matter" (April 26, 1974 hearing transcript, p. 8).

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<sup>2</sup> Both the Towell and Pelton affidavits refer to Rower Dental Supply Co., 331 West 44th Street, and Dental Equipment Specialists, Inc., 123 East 24th Street.

On or about April 29, 1974 Rogers & Wells and Thomas W. Towell, Jr. filed the aforementioned Towell, Jr. affidavit "in anticipation of a motion" "to bring certain facts of which I [Mr. Towell] have knowledge to the Court's attention."

Following the paragraph describing his unauthorized communication with defendant on "April 2, 1974, prior to the institution of this action", Mr. Towell, in his April 29, 1974 affidavit swears:

"On April 29, 1974, I repeated this process, this time asking Lee's Order Department for a dealer in Brooklyn, New York. I was told that *Irving Penchuk*, dental supplies, 1998 Nostrand Avenue, Brooklyn, New York handled the Lee products. I then placed a call to the Penchuk office and asked whether it stocked and sold the Lee Genie dental bracket adhesive, and again the response was an affirmative one.

"On April 29, 1974, I also spoke with the merchandise department of *Healthco, Inc.*, Boston, Mass., a large dental supply company which sells and distributes in most states on the East coast. I was informed by the merchandise department at Healthco that it carried the entire Lee product line, including the Genie dental adhesive and, further, that all of its branches, including New York branches, carried the line. As noted above, in my April 2nd conversation with the Lee Order Department, I was informed that *Rower Dental Supply Company*, New York City, New York was one of the Healthco Companies."<sup>3</sup>

At the April 30, 1974 hearing plaintiff's counsel, Mr. Towell relied (Tr. 8) upon his affidavit verified on April

<sup>3</sup> By April 29th, there had already been one hearing in court at which, Lee was represented. Further Lee's counsel had, on April 23, 1974 advised the court and opposing counsel, Rogers & Wells of Lee's objections to certain matters.

29 and the alleged facts therein stated. The Court fixed the date of May 9, 1974 for the presentation of testimony on process, venue, and jurisdictional issues.

Mr. Towell and Rogers & Wells subpoenaed to testify at the May 9, 1974 hearing *two witnesses whose identity Mr. Towell learned through his unauthorized communication with defendant Lee, to wit, Penchuk<sup>4</sup> and Rower Dental Supply (Julian Cohn)*. These witnesses were called by plaintiff and, over defendant's objection (May 9, Tr. p ) did testify at the May 9, 1974 hearing.

On May 1, 1974, prior to the May 9, 1974 hearing, defendant's counsel wrote (See Motion Exhibit 3) plaintiff's counsel calling attention to the impropriety of the Towell affidavit and stating:

"In the circumstances, we understand and expect that you and your firm will take appropriate action, including affirmative written withdrawal of your aforementioned affidavit by an appropriate paper filed in the Court."

No answer having been received by May 9, 1974 defendant's counsel raised the matter with Mr. Towell when both parties were present to attend the hearing held that day. While Mr. Towell indicated that his April 29, 1974 affidavit might be withdrawn, he flatly refused to withdraw the Pelton affidavit which admittedly includes "in part" the alleged facts developed by Mr. Towell through unauthorized April 2, 1974 communication with defendant Lee.

In view of such refusal Mr. Towell was advised by Mr. Irons that the matter would be taken up with the Court. This was done. The May 9, 1974 transcript reflects the following:

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<sup>4</sup> See the quotation from the Towell affidavit *supra*, p. 5.



"MR. IRONS: Thank you, your Honor, yes I want to make a record.

My request to the Court is that the record be kept open on this hearing so we can have the testimony of Mr. Pelton and Mr. Sleininger and I object to any further consideration—and I am quite serious—

"THE COURT: No more than I—

"MR. IRONS: (continuing)—further consideration of this complaint or action on the ground that the record before this Court shows that Mr. Pelton (sic) has called my client with knowledge that that client is represented by counsel; has made affidavits about what he found out from talking with my client, and included the same kind of information in Mr. Pelton's affidavit.

If Mr. Pelton were here, I think I could show many of the affirmances in his affidavits are untrue.

This is a violation of the canons of ethics and I think the proper thing to do is strike the pleadings.

"THE COURT; There are proper forums for such determination."

On May 10, 1974 Mr. Towell addressed a letter to the Court (Motion Exhibit 4) stating:

"At the hearing held in the above case on April 30, 1974, before your Honor ordered the evidentiary hearing on jurisdiction which went forward on May 9, I submitted my affidavit dated April 29, 1974. Since there has been an evidentiary hearing in which live testimony was presented, I hereby request that my April 29 affidavit be withdrawn. Defendant's counsel, Mr. Irons, concurs in my request that the affidavit be withdrawn."

This letter is incomplete in that it fails to reflect the demand of defendant's counsel Mr. Irons that the *Pelton* affidavit—containing some of the same facts as Mr. Towell's affidavit also be withdrawn—which demand Mr.

Towell flatly rejected. To date the Pelton affidavit has not been withdrawn. His unethical communications with Lee moreover have been used by Mr. Towell as a basis to subpoena the witnesses who testified on his clients behalf on May 9, 1974.

*The Violations of the Canons of Ethics*

Canon 7 of the Code of Professional Responsibility provides:

"A lawyer should represent a client zealously *within the bounds of the law.*"

Disciplinary Rule DR 7-104(A) (1) defines conduct *not* "within the bounds of the law" as follows:

"DR 7-104 Communicating With One of Adverse Interest.

(A) During the course of his representation of a client a lawyer shall not:

(1) Communicate or cause another to communicate on the subject of the representation with a party he knows to be represented by a lawyer in that matter unless he has the prior consent of the lawyer representing such other party or is authorized by law to do so."

Footnote 75 associated with DR 7-104(A) (1) states:

"75. See ABA Canon 9 of ABA *Opinions* 124 (1934), 108 (1934), 95 (1933), and 75 (1932); *also see* In re Schwabe, 242 Or. 169, 174-75, 408 P. 2d 922, 924 (1965).

"It is clear from the earlier opinions of this committee that *Canon 9* is to be construed literally and does not allow a communication with an opposing party, without the consent of his counsel, *though the purpose merely be to investigate the facts.* *Opinions* 117, 95, 66,' ABA *Opinion* 187 (1938)."

Mr. Towell's April 29, 1974 affidavit on its face admits to *two* separate violations of Canon 7 and DR 7-104 on April 2, 1974 and on April 29, 1974. On each of those dates Mr. Towell swears that he did in fact *communicate* with defendant Lee "on the subject of [his] representative ' of Johnson and Johnson and Ceramco. These unauthorized communications were without the consent of Lee's counsel and also in the absence of any authorization "by law". Mr. Towell knew at the time of such communications that Lee was represented by counsel.<sup>5</sup>

Canon 5 of the Code of Professional Ethics provides "That a lawyer should exercise independent professional judgment on behalf of his client."

Disciplinary Rule DR 5-102(A) defines circumstances in which judgment should be exercised in favor of *withdrawal of counsel from a case in which he may appear as a witness*. This rule provides:

"DR 5-102 Withdrawal as Counsel When the Lawyer *Becomes* a Witness.

(A) If after undertaking employment in contemplated or pending litigation, a lawyer learns or it is obvious that he or a lawyer in his firm ought to be called as a witness on behalf of his client,<sup>6</sup> he *shall withdraw* from the con-

<sup>5</sup> The Towell communication with Lee on April 2, 1974 prior to the institution of the lawsuit was in turn subsequent to the January 28, 1974 response (Motion Exhibit 2) of Lee's *counsel* to Mr. Ryan's letter of January 16, 1974 (Motion Exhibit 1) and thus at a time when Ceramco and Johnson and Johnson counsel knew that Lee was also represented by counsel.

Of course, Mr. Towell's *April 29, 1974* unauthorized communication with defendant Lee was after the *first* hearing in this case at which Lee was represented by counsel and at which Mr. Towell was present.

<sup>6</sup> Note that Mr. Towell, Ceramco counsel *has testified* as a witness at least twice, once through his own affidavit and once through the affidavit of Mr. Pelton. He apparently has also testified through Par. 2 of the verified complaint.

duct of the trial *and his firm, if any, shall not continue representation in the trial*, except that he may continue the representation and he or a lawyer in his firm may testify in the circumstances enumerated in DR 5-101(B)(1) through (4)."<sup>7</sup>

None of the exceptions are relevant here. There is no showing—and can be none—that Mr. Towell or Rogers & Wells can qualify under Section (B)(1) through (4) of DR 5-101.

This case is recently filed. Many other qualified counsel are available to Johnson and Johnson and its wholly owned subsidiary Ceramco. Neither Mr. Towell nor Rogers & Wells have any background of experience in this case. There has been no prior related proceeding. Compare *Emle Industries Inc. v. Patentex, Inc.*, 478 F.2d 562, 574-575 (2 Cir. 1973).

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<sup>7</sup> The provisions of DR 5-101(B)(1) through (4) are inapplicable. This rule provides:

"(B) A lawyer shall not accept employment in contemplated or pending litigation if he knows or it is obvious that he or a lawyer in his firm ought to be called as a witness, except that he may undertake the employment and he or a lawyer in his firm may testify:

- (1) If the testimony will relate *solely* to an uncontested matter.
- (2) If the testimony will relate *solely* to a matter of *formality* and there is no reason to believe that substantial evidence will be offered in opposition to the testimony.
- (3) If the testimony will relate *solely* to the nature and value of legal services rendered in the case by the lawyer or his firm to the client.
- (4) As to any matter, if refusal would work a substantial hardship on the client because of the distinctive value of the lawyer or his firm as counsel in the particular case."



The federal discovery rules provide a fair procedure for eliciting facts from an adversary.

In their zeal to discredit defendant<sup>8</sup> plaintiff's counsel have disdained to follow these rules. Their counsel, instead, have elected to indulge in unauthorized private communications with defendant, to testify as to the facts allegedly learned by this unethical procedure, and to use these same alleged facts as a basis to subpoena other witnesses to testify in favor of the plaintiff and against the defendant.

At least two Canons of professional ethics and associated disciplinary rules have been clearly violated.

The most recent expression in point by the Court of Appeals for this circuit is the May 9, 1973 opinion in *Emle Industries, Inc. et al v. Patentex, Inc. et al*, 478 F.2d 562 (2 Cir. 1973).<sup>9</sup> *Emle* deals specifically with a breach of Canon 4 (and 9) of the Code of Professional Responsibility.<sup>10</sup> The court strongly emphasized "the Court's duty and power to regulate the conduct of attorneys practicing before it, in accordance with the Canons."

The court held that

"The dynamics of litigation are far too subtle, the attorney's role in that process is far too critical, and the public's interest in the outcome is far too great

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<sup>8</sup> *Inter alia* through the illicit Pelton affidavit which induced the issuance of a wholly unwarranted show cause order against defendant.

<sup>9</sup> See also *Motor Mart Inc. v. Saab Motor Inc.*, 359 F.Supp. 156 (S.D.N.Y. 1973).

<sup>10</sup> Canon 4 is concerned with the preservation of the confidence of the client imparted to counsel subsequently representing an adverse party. Canons 5 and 7 with which this motion is concerned, protect a party against the *illicit extraction* of information through the mechanism of communications instigated by opposing counsel and against testimony based on the information so illicitly extracted. In both instances the underlying principle is the same—the confidences of a party are *not* to be violated by counsel.

to leave room for even the slightest doubt concerning the ethical propriety of a lawyer's representation in a given case."

\* \* \* \* \*

"Nowhere is Shakespeare's observation that 'there is nothing either good or bad but thinking makes it so,' more apt than in the realm of ethical considerations. It is for this reason that Canon 9 of the Code of Professional Responsibility cautions that 'A lawyer should avoid even the appearance of professional impropriety . . .'"

The court also emphasized that the Code of Professional Responsibility "like its predecessor the Canons of Professional Ethics 'set[s] up a high moral standard, akin to that applicable to a fiduciary . . . . Without firm judicial support, the Canons of Ethics would be only reverberating generalities.' *Empire Linotype School v. United States*, 134 F.Supp. 627, 633 (S.D.N.Y. 1956). We have said that our duty in this case is owed not only to the parties . . . but to the public as well. These interests require this Court to exercise its leadership to ensure that nothing, not even the appearance of impropriety is permitted to tarnish our judicial process." 478 F. 2d at 575. See also *Estates Theatres Inc. v. Columbia Pictures Industries, Inc.*, 345 F. Supp. 93 (1972).

#### *The Sanctions*

The disciplinary rules in part define on their face the sanctions to be applied in this situation. Mr. Towell and the firm of Rogers & Wells must be disqualified from further participation in this litigation.

It is equally obvious, however, that application of the "strict prophylactic rule" required in cases such as this, see *Emle supra*, 478 F. 2d 562<sup>11</sup> requires that the injured

<sup>11</sup> Speaking with respect to "confidential information acquired by a client during a previous relationship" and hence also applicable to information wrongfully extracted as in this case.

party insofar as possible be made whole. At a minimum any possibility that the plaintiff may benefit from the illicit and unethical practice must be minimized. To this end it is necessary, at a minimum, that the Pelton affidavit, the Towell affidavit, the verified complaint in this action and the testimony taken by the plaintiff on May 9, be stricken and disregarded with the plaintiff relegated to starting over with new counsel.

**NOTICE OF MOTION**

**filed May 28, 1974**

Please take notice that the defendant will move in Courtroom 1, of the United States District Court for the Eastern District of New York, at 9:30 A.M. on May 30, 1974 for an order to stay all proceedings in this case pending final disposition of the Defendant's Motion to Disqualify and for Other Relief.

This motion is brought without waiver or compromise of plaintiff's presently pending motions under Rule 12 (b) of the Federal Rules of Civil Procedure.



DEFENDANT'S REPLY MEMORANDUM IN SUPPORT  
OF ITS RULE 12 MOTIONS

filed May 28, 1974

*Notice of Related Motion*

The plaintiff, in its memorandum, affirmatively relies upon the verified complaint in this action, the Pelton affidavit, and the Penchuk and Cohn testimony, see *e.g.* plaintiff's memo at pages 10-12. Disposition of defendant's Rule 12(b) motions therefore requires a ruling on the defendant's motion to disqualify and for other relief, including "that the Court wholly disregard and strike the aforesaid complaint, Pelton affidavit and Penchuk and Cohn testimony." This motion is noticed for hearing on Thursday, May 30, 1974.

*Preliminary Statement*

Defendant's "Preliminary Statement" in its opening memorandum (pp. 1-5) correctly states the facts. The plaintiff at the May 9, 1974 hearing disdained defendant's subpoenas and other requests for the production of witnesses and documents. For this reason, under settled law, "It should be presumed that the testimony of Messr's. Pelton, Sleining, Ryan, and Johnson and Johnson would be adverse to plaintiff's contentions (Defendant's memo. p. 3, footnote citing cases omitted)."

The defendant's efforts to avoid this conclusion involve only irrelevancies and factual inaccuracies.

1. *It is plaintiff's burden* not defendant's to establish that its suit was properly brought in this Court in the first place. Indeed, plaintiff expressly acknowledges that it has "the burden of going forward" (p. 5).

Contrary to plaintiff's memo. (p. 3), it is therefore irrelevant that defendant has presented no affidavits and

that defendant's counsel has not made "admissions" as suggested by plaintiff's counsel.

Because *plaintiff* has simply failed to discharge *its* burden, the complaint should be dismissed.

2. It is not correct that "defendant's motion . . . was brought on by an attorneys affidavit" (Def. memo. p. 2) or that "at the April 30 hearing defendant presented its 12(b) motion in the form of an attorneys affidavit . . ." (Def. memo. p. 4).

*Per contra*, as it states on its face, (Par. 4) Miss Sears' affidavit filed April 30, 1974 was presented in response to what was understood to be a "request of the Court" (See the April 30 transcript p. 5) for the sole purpose of stating that Miss Sears appeared "specially" and "solely for the purpose of asserting special defense under Rule 12" and that she "made no appearance . . . for any other purpose whatever". (Par. 3).

3. As stated in defendant's memo. "defendant has acted diligently but has been frustrated by the failure of the plaintiff to cooperate" (p. 2). Plaintiff's attempts to demonstrate otherwise are captious

(a) With respect to the subpoenaed witnesses, defendant's argument boils down to a play on the fact that the printed subpoena form used referred to a "deposition"—rather than a "hearing"<sup>1</sup>—on this ground, although plaintiff's counsel was concurrently advised by the Exhibit A letter that "We (defendant's counsel) ask that you have available to testi-

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<sup>1</sup> As appears from the face thereof these subpoenas commanded the named witnesses "to appear at U.S. Court House, 225 Cadman Plaza, Brooklyn in the City of New York on the 9th day of May 1974 at 9:30 o'clock a.m. to testify at the taking of a deposition . . ."

The underlined words are a part of the printed form.

Plaintiff's argument reduces to the absurdity that this same subpoena would have been timely noticed if the word "deposition" had instead been hearing".

fy in court at 9:30 a.m. on the morning of May 9, 1974 . . . [*inter alia* the subpoenaed witnesses]"<sup>2</sup> plaintiff refused to comply with the subpoena's command.

On this record, plaintiff's representation that "defendant, on the other hand, sat back, and *did not subpoena anyone* to testify at the May 9 hearing (contrary to what is stated on page 3 of defendant's brief)" (Pl. memo. p. 5, emphasis in original) is plainly not correct.

Plaintiff's disdain of these subpoenas compels the inference that these witnesses, if called would have testified adversely to plaintiff's interest.

(b) Plaintiff is no better off as to its employees Pelton and Sleininger. These witnesses, both officers of the plaintiff, were specifically identified in the Exhibit A letter, were noticed to testify (depose) in this Court at the 9:30 a.m. May 9, 1974 hearing and failed to appear.<sup>3</sup>

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<sup>2</sup> The Exhibit A letter states:

"We ask that you have available to testify in court at 9:30 a.m. on the morning of May 9, 1974, the following individuals:

(a) Mr. H. Gordon Pelton, who verified the complaint in this action and upon whose affidavit the court's show cause order was issued.

(b) James R. Sleininger.

(c) Michael J. Ryan, Jr., who signed the January 16, 1974 letter from Johnson & Johnson to Dr. Henry Lee.

(d) Any other persons in the employ or subject to the control of Ceramco, Inc. or Johnson & Johnson competent to testify as to any facts set forth in the verified complaint or in the Pelton Affidavit or upon which the plaintiff will rely at the May 9, 1974 hearing."

<sup>3</sup> Defendant has not "claimed", as stated in the footnote on page 6 of plaintiff's memorandum that "plaintiff made an agreement to produce Mr. Pelton, plaintiff's president, at the May 9, 1974 hearing." Defendant's memo. p. 3, does *correctly* state that "statements of plaintiff's counsel [were] understood [by defendant's counsel]

4. Defendant's memo. correctly (Cf. Pl. Memo. Fn p. 5) states that "The date of May 9 was selected rather than an earlier date in view of the *statements by plaintiff's* counsel . . ."

The April 30, 1974 record states:

"THE COURT: How about Friday of *this* week?  
[May 3]

MS. SEARS: Your Honor, I am under order to appear on Friday morning in the District of Columbia to be appointed as counsel for an indigent defendant, and I already had to have it changed once and I can't do it again.

Could we have a *different* day?

THE COURT: How about Thursday morning [May 2], that's a different day.

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to indicate that Mr. Pelton would be present in court on that date [May 9, (April 30, 1974 Tr. p. 19, 11. 12-21)."]

The cited portion of the transcript includes the following:

"MS. SEARS: Your Honor, I am under order to appear on Friday morning in the District of Columbia to be appointed as counsel for an indigent defendant, and I already had to have it changed once and I can't do it again.

"Could we have a *different* day?"

"THE COURT: How about Thursday morning, [May 2] that's a different day.

"MR. TOWELL: I would go along with Ms. Sears' request to go into *next week*, if possible only because Mr. Pelton will be—"

Defendant's counsel have always believed that the portion of Mr. Towell's interrupted statement which is not reported included an assertion that *Mr. Towell wanted* Mr. Pelton to be present on May 9. Mr. Towell has never before contended otherwise. The following appears at p. 15 of the May 9 record:

"MR. IRONS: I feel I have not been given a fair opportunity to present my case.

"MR. Carroll [sic Towell] said last week Mr. Pelton would be here and we should have been able to rely on that."

"MR. TOWELL: There is an officer here today."

Defendant is not obligated to accept an alternative witness who did *not* verify the complaint or any affidavit in the case as plaintiff implies (Memo. p. 7).



MR. TOWELL: I would go along with Ms. Sears' request to go into *next week*, if possible only because Mr. Pelton will be—

(Colloquy omitted)

THE COURT: That is not the proper manner. An affidavit is something that always causes problems. Bring in your witness.

*Next Thursday morning [May 9]—not Thursday, [May 2] the following Thursday morning.*

MS. SEARS: One week from Thursday?

THE COURT: Yes. 10:00 o'clock in the morning."

5. The Court should clearly recognize the plaintiff's basic strategy which is to obtain a ruling seriously prejudicial to the defendant, under circumstances such that defendant has never been afforded a fair opportunity to be heard. This course of conduct has permeated this proceeding from the beginning. It still continues.

On *January 16, 1974*, Michael J. Ryan, Office of General Counsel, Johnson and Johnson, addressed a letter (Exhibit 1 on Defendant's Motion to Disqualify, etc.) to Mr. Henry Lee of Lee Pharmaceuticals alleging certain "rights" of "Cerameco, our wholly owned subsidiary" in the marks "Gold Genie" and "Ceramic Metal Genie" for unidentified "corrective compositions" and insisting that Lee discontinue "all use of 'Genie' in connection with a direct bonding adhesive bracket".

Twelve days later on *January 28, 1974* Lee's counsel Mary Helen Sears of Irons, Sears and Santorelli replied (Exhibit 2 on Defendant's Motion to Disqualify, etc.) to Mr. Ryan's January 16, 1974 letter requesting additional information.

Rather than provide information upon which Lee's counsel might give informed advice to their client *this action was instituted without notice some ten weeks later*

on April 11, 1974. The verified complaint was accompanied by an affidavit imparting wrong-doing to Lee which affidavit was used as a basis to obtain an unwarranted show-cause order. The time limits defined in the show-cause order were rigged by the plaintiff—who had taken more than *ten weeks (from January 16 to April 11)* to *prepare its case for filing*—to deny the defendant a fair opportunity to be heard and thus permit the Court to decide the issues on the basis of all of the relevant facts. This practice continued at the May 9th hearing when the plaintiff refused to produce the timely subpoenaed and noticed witnesses which the defendant desired.

It still continues. Plaintiff, having *originally itself* suggested that the June 6th evidentiary hearing be postponed, *now* has suddenly decided to attempt to force the defendant to proceed with depositions on the merits of the injunction issue during the four days of the week following the Memorial Day weekend—and to do so on the basis of a letter, copy attached, not even received by defendant's counsel until May 23, the Friday *before* the three-day holiday. (Exhibit A).

The gambit in this instance is the same as it has always been—to force the defendant to proceed with these depositions *before* it is in possession of the facts and documents in the control of the plaintiff which are necessary to an informed interrogation as to the merits of the injunction issue—a particularly serious matter in view of the provisions of Rule 62(c).

#### *The Process Issues*

The plaintiff has failed to discharge its burden to prove that the process *issued* against defendant is effective for any purpose or that the service of process was validly effected. The defendant's brief is dispositive on these points. The case cited by the plaintiff at p. 16 of its memorandum are inapposite on their face.

*Improper Venue*

It is equally clear that plaintiff is totally unable to demonstrate that venue is proper in this judicial district.

Succinctly stated:

1. It is conceded that federal law governs the venue issue which arises only under 28 U.S.C. 1391(c) (D. Memo. p. 18).

2. It is not disputed that "more activity" is required to satisfy the federal venue statutes, particularly 1391 (c) than to satisfy the so-called "doing business" criterion of state statutes providing for long-arm service. See the cases cited at pp. 18-19 of the defendant's memo.<sup>4</sup>

3. The plaintiff points to no facts in support of its representation that venue is proper under the "claim arose" provisions of § 1391(a) and (b). As stated in defendant's opening memo.

"Plaintiff has equally failed to establish venue under the 'claim arose' provision of 28 U.S.C. 1391(a) and (b)' there is no showing that *plaintiff* ever sold any of its Gold Genie product to any customer in this judicial district. Hence there is no factual basis from which it may be inferred that any claim against the defendant arose here."<sup>5</sup>

A matter of some significance since "a vice president and director of plaintiff was present in the court" (P. Memo. p. 7) on May 9th but was not called. As stated

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<sup>4</sup> The grounds upon which the plaintiff attempts to distinguish these cases (p. memo. footnote p. 23) are invalid and do not reach the basic premise above recited for which these cases have been cited by the defendant.

<sup>5</sup> Note that *Car Freshener Corporation* and *Carter-Wallace, Inc.* cited by the plaintiff (P. Memo. 19-20; 25 (footnote)) both turned upon a fact finding that the products of both the plaintiff and the defendant were sold in competition in the judicial district in question. *Rosen v. Savant Instruments, Inc.* cited by the plaintiff (P. Memo. p. 24) is also a § 1391(a) case.

in *Georgia Southern & Florida Railway Company v. Perry*, 326 F.2d 821, 925 (5 Cir. 1964)

"It is a general rule that the failure of a party to call as a witness as employee who possesses peculiar or special knowledge of facts essential to the employer's case, may create an inference that the testimony of such employee would be unfavorable to the employer, and that such failure, and the permissive inference that may be drawn from it, are proper subjects for comment by the court or counsel. 31 C.J.S. Evidence § 156c, p. 853 et seq., 2 Wigmore on Evidence, 162 et seq., § 285."

The testimony of the witness would not have been cumulative—hence the rule squarely applies.

4. Plaintiff tacitly admits (D. Memo. 25) that to sustain venue under § 1391(c) more must be shown than the mere solicitation of business (see the cases cited at D. Memo. 19) and indeed that "continuous and systematic" activities (P. Memo. 18, 24) by the accused defendant in the judicial district in question are essential. In an attempt to satisfy this requirement the plaintiff conveniently argues without citation to the transcript that the record supports such "continuous and systematic" activities by Lee in the Eastern District of New York. Clearly this is not correct. As the plaintiff's own analysis of the facts concedes the testimony of Mr. Cohn was that a person *assumed* by Mr. Cohn to be "a salesman or representative of Lee" calls upon the *New York City* office of Healthco-Rower which is located in the *Southern* District of New York at 331 W. 44th St. (May 9 Tr. p. 5). Plaintiff is thus left with the testimony of Mr. Penchuk (May 9, Tr. p. 10, ll. 15-20) which certainly does not demonstrate any "continuous or systematic" activity of Lee in the Eastern District of New York or even the "mere solicitation of business."

5.<sup>8</sup> Of course, defendant's brief is (as the plaintiff points out (P. Memo. p. 18)) "devoid of any citation of



cases dealing with CPLR 301 and 302" because these New York *state* statutes do *not* define the *federal* law dispositive of venue under 28 U.S.C. 1391. For the same reason the plaintiff's attempt to confuse the issue by the discussion of cases arising under these New York statutes is inappropriate and should be disregarded.

### *Personal and Subject Matter Jurisdiction*

Plaintiff has failed to discharge its burden on these issues for the reasons stated in defendant's opening brief.

In particular, the Court should be cognizant of the fact that plaintiff deliberately removed this case from the normal category of civil actions for jurisdictional purposes by electing to submit an extraordinary *verified* complaint neither provided for nor required by the Federal Rules for Civil Procedure. Such verified complaints are subject to being tested by cross-examination in the manner provided by Rule 56(f) just like any other *ex parte* affidavit sought to be advanced to prove disputed facts. Defendant was entitled to an opportunity to cross-examine plaintiff's president, Mr. H. Gordon Pelton, who verified the complaint, to prove what is peculiarly in his own knowledge, including that he *knew* certain of that complaint's material averments to be incorrect at the time that he verified them. In the event of such proof the verified complaint simply becomes an affidavit made in bad faith under Rule 56(g) and must be stricken, whereupon nothing remains over which the Court *could* exercise jurisdiction. It is against this background that the Court must give due weight to plaintiff's *refusal*, without justification, to make Mr. Pelton available at the evidentiary hearing held May 9, 1974, for cross-examination on the issues of *scienter* and truth of the complaint's averments.

### *Conclusion*

The complaint should be dismissed.

EXHIBIT A

May 21, 1974

Martin J. Spellman, Jr., Esq.  
Irons, Sears, Santorelli & Spellman  
34 South Broadway  
White Plains, New York 10601

Re: Ceramco, Inc. v. Lee  
Pharmaceuticals, C.A. 74-567

Dear Marty:

As I indicated to you on the telephone today, Ceramco is unwilling to grant an extension of time to conduct discovery herein and intends to proceed with the evidentiary hearing on June 6, 1974 as scheduled.

Ceramco's witnesses are available for deposition during the week of May 27, and I will attempt to obtain and forward to you such documents properly sought in your requests for production as well as answers to interrogatories properly propounded.

Sincerely,

/s/ James W. Paul  
JAMES W. PAUL

**DEFENDANT'S MEMORANDUM IN SUPPORT OF  
MOTION TO STAY PROCEEDINGS**

filed May 28, 1974

Defendant respectfully submits this memorandum in Support of its Motion to Stay all of the proceedings in this case pending final disposition of its Motion to Disqualify Plaintiff's Counsel and for Other Relief.

While it is believed to be settled law that proceedings should be stayed pending a disposition of the disqualification motion at the trial court level, recent rulings of the Court of Appeals for the Second Circuit clearly evidence that a stay is mandatory.

On April 25, 1974 the second circuit sitting *en banc* reviewed its prior relevant decisions in holding squarely that an order denying disqualification is appealable, as a final judgment under *Cohen v. Beneficial Industrial Loan Corp.*, 337 U.S. 541 (1949). *Silver Chrysler Plymouth, Inc. v. Chrysler Motors Corp.*, 42 L.W. 2585.

In the discussion of the decision in *Law Week* the following appears:

"The Court noted that, after final judgment, 'it will be too late effectively to review the present order, and the rights conferred by the statute, if it is applicable, will have been lost, probably irreparably. \* \* \* This decision appears to fall in that small class which finally determine claims of right separable from, and collateral to, rights asserted in the action, too important to be denied review and too independent of the cause itself to require that appellate consideration be deferred until the whole case is adjudicated.'

\* \* \* \* \*

"Over the years, the structures of large metropolitan law firms have changed. Charges of conflict of interest and motions to disqualify counsel will prob-

ably increase rather than abate. The importance of resolving this issue as the outset will also increase, lest costly and protracted trials be tainted on the merits by issues collateral thereto. Thus, the court upholds the appealability of an order denying disqualification, just as it has long upheld the appealability of an order granting disqualification motion. There is no basis to distinguish between the two situations. In both, the order is collateral to the main proceeding, yet has grave consequences to the losing party. In both, it is fatuous to suppose that review of the final judgment will provide adequate relief.—Moore, J.”

These identical considerations require that proceedings be staeyd in the trial court pending disposition of the disqualification issue. Indeed, to hold otherwise would frustrate the very purpose of the appellate review which the court’s *en banc* opinion holds to be necessary in such cases.



**MEMORANDUM OF LAW IN OPPOSITION TO DEFENDANT'S MOTIONS FOR AN EXTENSION OF TIME AND TO DISQUALIFY**

**filed May 30, 1974**

Plaintiff, Ceramco, Inc. ("Ceramco"), submits the following memorandum in opposition to defendant's motions (1) "for an evidentiary hearing and other relief" and (2) to disqualify Thomas W. Towell and the firm of Rogers & Wells as attorneys for the plaintiff herein, for alleged violations of the Canons of Ethics committed by an associate at Rogers & Wells working on this matter, and to strike certain affidavits and oral testimony from the record of this case.

**I. DEFENDANT'S MOTION FOR EVIDENTIARY HEARING AND OTHER RELIEF**

Defendant's motion for an evidentiary hearing and other relief is no more than a request for an adjournment of the return date of plaintiff's motion for a preliminary injunction herein.

The request for an evidentiary hearing has already been granted by the Court (Transcript of May 9, 1974 hearing p. 16). Defendant's request also seeks a hearing date "not earlier than fifteen days after" plaintiff provides defendant with all the discovery it seeks. This relief is not warranted by the record herein.

This action, for a trademark infringement and other related violations of state and federal trademark law, was commenced on April 12, 1974, by the filing of a summons and complaint and the signing of an order to show cause why a preliminary injunction should not be entered herein. The original return date was set for April 26, 1974. Due to objections raised by defendant to the jurisdiction of this Court, the hearing on the motion for

preliminary injunction was thereafter adjourned to June 6. The June 6 hearing is that which defendant now wishes to adjourn to some indefinite time in the future. In fact, by motion returnable June 6 before this Court, defendant requests that the hearing on preliminary injunctive relief be consolidated with trial on the merits herein, all to commence sometime in late July, if trial dates are available.

Defendant's request for additional time is ostensibly based upon the absence of one of defendant's attorneys and the need for further pre-trial discovery, discovery which defendant maintains has not been afforded it heretofore. In fact, as the accompanying affidavit of James W. Paul makes clear, defendant and its attorneys have had ample time and opportunity to conduct their discovery. Defendant's attorneys have ignored efforts made by plaintiff to make its principals available for depositions and to produce documents requested by defendant. Furthermore, defendant has nowhere indicated why its attorney, Edward Irons, is indispensable to the conduct of either discovery or the June 6 hearing. In fact, Miss Sears or Mr. Spellman, both partners of Mr. Irons, have been active in the conduct of the case to date.

On this record, plaintiff is unwilling to agree and vigorously opposes any attempt by defendant to delay beyond June 6 the hearing on plaintiff's motion for a preliminary injunction.

It is clear that motions for preliminary injunctive relief are entitled to prompt consideration and disposition and movants need not be required to submit to inordinate and unjustified requests for extensions of time when probable irreparable injury will result as alleged here by continuing violations prior to adjudication of the motion. *See, e.g., United States v. Lynd*, 301 F.2d 818 (5th Cir. 1962), *cert. den.* 371 U.S. 893.

## II. MOTION TO DISQUALIFY

Defendant has also moved this Court for an order "pursuant" to Canons 5 and 7 of the Code of Professional Responsibility and related disciplinary rules, to disqualify Thomas W. Towell, Jr. and the firm of Rogers & Wells with which he is presently associated, from further participation in this litigation. Further, defendant requests this Court to strike and disregard the verified complaint herein, the affidavit of H. Gordon Pelton verified April 11, 1974, the affidavit of Thomas W. Towell, Jr., verified April 29, 1974, and the testimony of Messrs. Penchuk and Cohn taken at the May 9, 1974 hearing before this Court in connection with defendant's Rule 12(b) motion on jurisdiction.

The facts relevant to defendant's claim of a violation of the Code of Professional Responsibility are fully set forth in the affidavit of Thomas W. Towell, Jr., submitted herewith. They may be briefly summarized as follows:

During the course of an investigation made prior to the commencement of this action, Mr. Towell made a telephone call to the offices of Lee Pharmaceuticals in South El Monte, California in order to determine whether or not Lee sold its products in the State of New York, and, if so, from whom such products could be obtained. Lee's Order Department informed Towell where Lee's "Genie" dental adhesive could be purchased in the New York area. Such information was readily and willingly made available to him at that time.

On April 29, 1974, Towell again telephoned Lee's Order Department in California and requested the name of a dealer in Brooklyn which sold the "Genie" dental adhesive. Again, the information requested from the Order Department was readily and willingly made available. It is clear from the Towell affidavit, submitted herewith, that the conversations were brief, dealt solely with the

names and addresses of Lee's dealers in the New York City area and had nothing whatsoever to do with the merits of the pending lawsuit or a discussion of the resolution of any claim which Ceramco might have against Lee.

On the basis of these two telephone calls, defendant here seeks not only to disqualify Towell and the firm of Rogers & Wells, but also seeks to have this Court disregard the information which defendant claims was obtained during the course of these telephone calls as it appears in the verified complaint, the affidavit of H. Gordon Pelton, plaintiff's president, the affidavit of Thomas W. Towell, Jr., dated April 29, 1974, and the testimony of Messrs. Penchuk and Cohn, taken on May 9, 1974 in connection with a hearing on defendant's challenge to this Court's jurisdiction.

The violations of the Code of Professional Responsibility which these telephone calls allegedly constitute are, according to defendant, that plaintiff's attorneys have contacted the defendant directly knowing that it was represented by counsel and without that counsel's approval and that Towell has also become a witness for his client, all in violation of Canons 5 and 7 of the Code of Professional Responsibility and related disciplinary rules. If these be violations of the Code of Professional Responsibility and the associated disciplinary rules, they are technical violations which should not mandate the disqualification of the firm of Rogers & Wells or the striking of the complaint, the Pelton affidavit or the testimony of Messrs. Penchuk and Cohn. The calls did nothing but help establish the jurisdiction of this Court from facts that could have been obtained by other more painstaking and time consuming devices. Plaintiff submits that, as such, these telephone calls do not constitute violations of the Canons, and do not justify the imposition of the relief requested by defendant.



Much of the requested relief has already been granted or is unnecessary. For example, the Towell affidavit dated April 29, 1974, which defendant would have this Court strike and disregard has not only been publicly withdrawn by Mr. Towell by letter addressed to the Court dated May 10, 1974, but this Court has indicated it would not consider the contents of an attorney's affidavit on a motion challenging the jurisdiction of this Court in any event. Mr. Towell will certainly not be a witness in this case and no violation of Canon 5 can possibly result. (See transcript of April 30, 1974 hearing p. 21.)

As defendant has known for several weeks, Mr. Towell's association with this firm will be terminated on June 3, 1974 and he will, necessarily, be no longer working on this matter and has not worked actively on it in the recent past.

As is shown by the Towell affidavit, the material in the Pelton affidavit verified April 11, 1974, which defendant would have stricken, was obtained, in part, from sources other than Lee and was in no way dependent upon the telephone calls made by Mr. Towell.

The information developed from the two telephone calls and the testimony of Messrs. Penchuk and Cohn taken on May 9, 1974 has nowhere been alleged to be confidential or otherwise unavailable to the public. Nor has defendant suggested that this same information could not have been obtained by deposition or interrogatory with consequent delay in proceedings. In fact, the information from Lee was freely given without questions asked. Furthermore, the testimony of Mr. Cohn, a representative of Rower, was not a result of the telephone calls to Lee but his knowledge of the matters raised in defendant's Rule 12(b) motion was obtained from independent investigation, as the Towell affidavit submitted herewith indicates.

The existence of Mr. Penchuk as a dealer of defendant's "Genie" products was obtained from the telephone call made on April 29 by Towell. Since the testimony of Messrs. Penchuk and Cohn was largely duplicative and cumulative, and disregard of Penchuk's testimony should not affect the outcome of defendant's Rule 12(b) motion even if it were proper to strike Penchuk's testimony.

Finally, the disqualification of the firm of Rogers & Wells from further representation of the plaintiff herein is not only wholly improper in the circumstances but would be prejudicial to plaintiff at this time. New counsel would have to be retained and informed of the factual background, all of which would even further delay the ultimate resolution of plaintiff's motion for a preliminary injunction.

Finally, the cases which defendant cites to establish its right to the requested disqualification are inapposite. Both *Emle Industries, Inc. v. Patentex, Inc.*, 478 F.2d 562 (2d Cir. 1973) and *Motor Mart, Inc. v. Saab Motors, Inc.*, 359 F.Supp. 156 (S.D.N.Y. 1973) cited and relied upon by defendant, involved situations in which attorneys were attempting to represent clients with claims against former clients of the same counsel and necessarily involved confidential communications obtained in that prior representation. That situation is not present here. The information obtained was neither confidential nor otherwise undiscoverable through interrogatory or deposition. The information obtained has never been challenged as being inaccurate or otherwise irrelevant to the matters raised by defendant to which it responds.

The proper forum for further action on this matter, if defendant so desires, is an appropriate Bar Association.

In light of the absence of any damage to defendant from the telephone calls in question and the consequent delay which would take place if Rogers & Wells were dis-

qualified, it is respectfully submitted that defendant's motion to disqualify and for other relief should be denied and the parties be directed to proceed promptly with the disposition of this matter.

## AFFIDAVIT IN OPPOSITION

filed May 30, 1974

STATE OF NEW YORK     )  
                                  )   ss.:  
COUNTY OF NEW YORK    )

THOMAS W. TOWELL, JR., being duly sworn deposes and says:

1. I am associated with Rogers & Wells, attorneys for plaintiff. I submit this affidavit in opposition to defendant's motion to disqualify Rogers & Wells as attorneys for plaintiff. Specifically, I wish to inform the Court as to the investigation conducted concerning jurisdiction over defendant Lee Pharmaceuticals ("Lee"). My information comes from files provided by plaintiff.

2. In order to determine whether jurisdiction existed over the person of Lee in this district, an essential predicate to bringing the action here, an independent investigation was conducted into the jurisdictional facts. In summary, the investigation consisted of the following:

(i) A corporate check was made with the Secretary of State in a number of states to see if Lee was listed.

(ii) A Dun & Bradstreet Report was run on Lee.

(iii) Inquiry was made of a service organization which provides information to the patent and trademark bar concerning the sale of Lee's Genie product. That organization advised that the product was distributed throughout the United States by various dental supply houses, and in New York City by Rower Dental Supply, 331 West 44th Street. In addition, that organization advised that the Healthco-Rower Dental Supply Organization, located in Boston, Massachusetts, of which the New York City



Rower was a part, distributed the product in many states. A Dun & Bradstreet Report was also run on Healthco. The service organization also requested and received from Healthco-Rower in Boston, a copy of the product information available on the Lee Genie product.

3. The foregoing acts were conducted prior to my involvement in this action. In addition, on April 2, 1974, prior to instituting the action, I personally placed a call to the Order Department of Lee as described in my affidavit of April 29, which is the focus of the motion. The call consisted of my asking the girl who answered the telephone in the Order Department for the names of dealers in New York, which information was freely given, without urging or prompting. That action violated no canon of ethics. It is the duty of a lawyer in preparing a case to get the evidence not only in support of jurisdiction before the case has commenced but also in support of the case after it has been commenced. Whether I got it through a paid investigator or did it myself would be immaterial.

4. Subsequently on April 29, after institution of the suit, a second similar call was made by me, and this information was again given freely by the Lee Order Department. I did not discuss the case. I got evidence the truth of which is not disputed but which defendant would not simply admit to and which would not have been given me if I had requested it of defense counsel. A copy of my April 29, 1974 affidavit is attached hereto as Exhibit A.

5. In April of this year I accepted employment with a corporation, and will be leaving Rogers & Wells, on June 3. Accordingly, I will not be, and am not now, handling this action. Counsel for defendant was advised of this fact early in May.

6. At the April 30 hearing when my affidavit was submitted this Court indicated it would not consider an at-

torneys affidavit in deciding the issues, and ordered the hearing to go forward on May 9. Both Healthco-Rower (by Mr. Cohn) and Penchuk (by Mr. Penchuk) testified at the May 9 hearing. After Mr. Irons, counsel for defendant, brought up this issue, I advised Mr. Irons before the May 9 hearing that I would withdraw my affidavit and would do so in open Court at the May 9 hearing, or subsequently by letter. Mr. Irons indicated he would take up the issue of disqualification with the Court, but when it was not raised at the May 9 hearing, I did withdraw the affidavit by letters to the Court and Mr. Irons, dated May 10, 1974, copies of which are annexed hereto as Exhibit "B". I did it just to put an end to the excitement, not because I believe that any canon was violated.

WHEREFORE, it is respectfully submitted that the motion should be denied.

Sworn to before me this 29th day of May 1974.

## EXHIBIT A

## AFFIDAVIT

STATE OF NEW YORK        )  
                                  : SS.:  
COUNTY OF NEW YORK    )

THOMAS W. TOWELL, JR., being duly sworn, deposes and says:

I am an attorney associated with Rogers & Wells, attorneys for plaintiff Ceramco, Inc. On April 26, I appeared before the Court to argue plaintiff's motion for a preliminary injunction to restrain defendant Lee Pharmaceuticals ("Lee") from infringing plaintiff's trademark "Genie." At that time the only paper submitted by defendant was a letter addressed to the Court from defendant's counsel stating, among other things, that it considered plaintiff's motion void, and also claiming lack of jurisdiction. At that time the Court ordered the defendant to submit proper papers on any jurisdictional or other special issues it wished to raise, and ordered the parties to return to the Court on Tuesday, April 30th. At this time I do not know exactly what issues will be raised by defendant or on what basis it claims lack of jurisdiction. However, in anticipation of a motion, I submit this affidavit to bring certain relevant facts of which I have knowledge to the Court's attention.

On April 2, 1974, prior to the institution of this action, I personally placed a call to Lee's home office in South El Monte, California, telephone No. (213) 442-3141. I asked for and was referred to the Order Department. When the Order Department answered, I stated I was interested in Lee's Genie dental adhesive product and inquired whether Lee had any dealers in New York who sold this product in the New York City area. I was in-

formed that there were a number of dealers in Manhattan, Brooklyn and the surrounding areas. I inquired for the names of some of the Manhattan dealers that I might call. I was then told that Rower Dental Supply Company, 331 West 44th Street, New York, New York, and Dental Equipment Specialists, Inc., 123 East 24th Street, New York, New York, handled the product. I was also informed that Rower was one of the Healthco companies. I then placed a call to Dental Equipment Specialists, Inc. and inquired whether it handled and sold the Genie bracket adhesive made by Lee, and was informed that it did so.

On April 29, 1974, I repeated this process, this time asking Lee's Order Department for a dealer in Brooklyn, New York. I was told that Irving Penchuk, dental supplies, 1998 Nostrand Avenue, Brooklyn, New York handled the Lee products. I then placed a call to the Penchuk office and asked whether it stocked and sold the Lee Genie dental bracket adhesive, and again the response was an affirmative one.

On April 29, 1974, I also spoke with the merchandise department of Healthco, Inc., Boston, Mass., a large dental supply company which sells and distributes in most states on the East coast. I was informed by the merchandise department at Healthco that it carried the entire Lee product line, including the Genie dental adhesive and, further, that all of its branches, including New York branches, carried the line. As noted above, in my April 2nd conversation with the Lee Order Department, I was informed that Rower Dental Supply Company, New York City, New York was one of the Healthco companies.

Based upon the foregoing, it is clear that Lee's products are sold extensively in New York and it is likely that defendant is "doing business" in New York under CPLR 301. More importantly, it is absolutely clear that



jurisdiction exists over defendant under CPLR 302, New York's long-arm statute. Defendant's dental product under the Genie mark is distributed and sold in New York, and the cause of action arises out of this transaction of business by defendant. Every such sale, whether directly or through an intermediary, constitutes a tort against plaintiff within the State of New York where plaintiff's Genie product is also sold. Defendant's acts also constitutes a tort committed outside the State (at the place of manufacture in California) which has caused injury to plaintiff within the State of New York. If jurisdiction exists under 301 or 302, out-of-state service is proper under CPLR 313. Submitted herewith is a short memorandum of law citing cases on this point.

Sworn to before me this 29th day of April, 1974.

EXHIBIT B

May 10, 1974

Honorable Mark A. Constantino  
United States District Judge  
Eastern District of New York  
United States District Courthouse  
223 Cadman Plaza East  
Brooklyn, New York

Re: Civil Action No. 74C-567  
Ceramco, Inc. v. Lee Pharmaceuticals

Dear Judge Constantino:

At the hearing held in the above case on April 30, 1974, before your Honor ordered the evidentiary hearing on jurisdiction which went forward on May 9, I submitted by affidavit dated April 29, 1974. Since there has been an evidentiary hearing in which live testimony was presented, I hereby request that my April 29 affidavit be withdrawn. Defendant's counsel, Mr. Irons, concurs in my request that the affidavit be withdrawn.

Sincerely yours,

/s/ Thomas W. Towell, Jr.

cc: Irons, Sears & Santorelli

EXHIBIT B

May 10, 1974

Edward S. Irons, Esq.  
Irons, Sears & Santorelli  
34 South Broadway  
White Plains, New York 10601

Re: Ceramco, Inc. v. Lee Pharmaceuticals,  
C.A. 74-567

Dear Mr. Irons:

Enclosed for your files is a copy of a letter I wrote to Judge Constantino. While I totally disagree with your contentions regarding the affidavit, at the April 30 hearing Judge Constantino indicated he was not going to consider an attorney's affidavit in any event, and wanted a live testimony.

Sincerely yours,

/s/ Thomas W. Towell, Jr.

**FINAL ORDER****filed May 31, 1974**

The motion of the defendant Lee Pharmaceuticals, pursuant to Canons 5 and 7 of the Code of Professional Responsibility and associated disciplinary rules DR 5-102 and DR 7-104, for an order granting the defendant certain relief as specified in the motion filed May 20, 1974 having come before the Court for hearing on May 30, 1974 and having been heard,

**NOW, THEREFORE, IT IS HEREBY ORDERED:**

1. That the motion be and hereby is denied;
2. That defendant's further motion to stay all proceedings pending disposition of appeal from the denial is likewise denied;
3. That plaintiff's oral motion for a temporary stay of proceedings in the District Court pending an opportunity to seek a stay from the Court of Appeals for the Second Circuit is likewise denied.

**SO ORDERED:**

May 30, 1974

**NOTICE OF APPEAL****filed June 3, 1974**

Notice is hereby given that LEE PHARMACEUTICALS, defendant named above, hereby appeals to the United States Court of Appeals for the Second Circuit from the Order of the District Court denying in its entirety defendant's Motion pursuant to Canons 5 and 7 of the Code of Professional Responsibility and associated disciplinary Rules 5-102 and DR 7-104 for certain relief.



## TRANSCRIPT OF May 30, 1974 HEARING

filed June 6, 1974

[3] THE CLERK: Civil motion, Ceramco versus Lee Pharmaceuticals.

MISS SEARS: Good morning.

I would like to point out first of all that I was served this morning—just a few minutes ago—with two affidavits and a memorandum.

I understand there is a local rule here which would provide that these things should have been served some time ago and I want to put on the record my objection to the late service of these papers and to their consideration for any purpose.

THE COURT: Excuse me, I did not hear you.

MISS SEARS: I am sorry, your Honor.

I would like to make a record of my objection to the delayed service of these papers this morning under the local rules and I would also like to object to their consideration for any purpose in view of the fact that there has been no excuse offered as to why they could not have been timely served.

THE COURT: This one is only a memorandum on the motion to disqualify, nothing earthshaking in that.

Maybe the Court will have to look at it—

MISS SEARS: Your Honor, there are two affidavits.

THE COURT: The other one is an affidavit in opposition which consists of two and a half pages. [4] There is nothing earthshaking in that either.

If I can look at them in two minutes to see whether they are earthshaking or not, I am sure you can do so knowing all the facts of the case which you know and what your reply should be.

MISS SEARS: I understand my objection is overruled?

THE COURT: Yes.

MISS SEARS: I will proceed then.

I want further to object to these two affidavits on another ground and that is I feel it is very improper for substantive information to be advanced in affidavit form, where there is no opportunity to cross-examine the affiants and particularly in this case I object—first of all since I want to deal with the motion to disqualify at this point—I object to this affidavit of Mr. Towel (phonetic) not only because it purports to give substantive information on the facts, but because it in fact contains an inaccuracy in Paragraph Six which I can show your Honor on the face of the record.

Specifically, Mr. Towel says that Mr. Irons indicated he would take up the issue of disqualification with the Court, but when it was not raised at the May 9th hearing, etc. The record shows, your Honor, [5] that it was in fact raised at the May 9th hearing. I would refer your Honor to our memorandum supporting the motion to disqualify which points out exactly where it was raised, if I may have a moment to find it.

Pages Seven and Eight of the memorandum in support of the motion to disqualify, there is reproduced the portion of the May 9th transcript where Mr. Irons did in fact bring out—

LAW CLERK: What date was that memorandum?

MISS SEARS: I believe it was filed—I believe it is May 10th—May 20th, I am sorry.

Perhaps I could hand up my copy and you can see what I am talking about.

(Document handed to Court.)

THE COURT: It says Mr. Pelton (phonetic) has called my client—

MISS SEARS: I was present that morning. It is my belief Mr. Irons did say Mr. Towel, although the transcript reflects Mr. Pelton.

THE COURT: Do you think the stenographer confused the name Towel with Pelton? It is sufficiently enunciated in the English language—

MISS SEARS: I have seen such errors in transcripts before—

THE COURT: It is explicit in the writing and [6] the paragraph that the name Pelton was used.

MISS SEARS: I want to note a further objection to the receipt of Mr. Towel's memorandum without cross-examination of him on any basis.

THE COURT: You want to do what with him?

MISS SEARS: I want to note further an objection to the receipt of Mr. Towel's substantive testimony on this motion without an opportunity to be cross-examined by the defendant.

THE COURT: I made a statement on May 9th that there is a proper forum for such investigation and this is not the forum.

I will not go into the propriety of an attorney's handling of a matter. There are the various Bar Associations, the City, the State, the American and the Federal. If you feel he violated some canons, go to the specific Bar Association. The Bar Association has the machinery within itself and the jurisdiction to take care of that matter. This Court will determine only whether or not it has jurisdiction, number one, on the question of service and, number two, whether there is a violation of infringement by reason of the sale in this area.

I have been enunciating that from the day you first came into this Courtroom. You keep submitting [6a] what I call extraneous matters. Why don't we get down to the issues of the case?

[7] MISS SEARS: I would simply state to Your Honor—

THE COURT: I say to you, if Mr. Towels violated a canon of ethics, and you think so, institute your proceed-

ings in the proper forum. I am not that forum. That is all there is to it.

MISS SEARS: With great respect, Your Honor—

THE COURT: I do not care what kind of respect.

MISS SEARS: —I disagree with you.

THE COURT: That is the Court's ruling. I do not it in the record and I am not going into it.

The issue before the Court is clearcut and I will take those issues and no others.

MISS SEARS: May I be heard to say one thing further?

THE COURT: Not one word further about Mr. Towels or his actions. I am not going to try what I call a collateral-side issue in order to cover the proper issues before this Court, jurisdiction, and whether there has been some type of violation.

MISS SEARS: Will Your Honor enter an order denying the motion?

THE COURT: Yes.

MISS SEARS: Then may I have a stay in order to appeal to the Second Circuit?

THE COURT: No stay.

MISS SEARS: May I have a temporary stay then?

THE COURT: Absolutely no temporary stay. The [8] Court has the motions before it and the Court is ready to make a determination as to the motions now before the Court.

MISS SEARS: Then you will enter an order as to both?

THE COURT: I will do as I see fit under the rules of the Court, without need for anyone to advise the Court what I must do.

MISS SEARS: My question was simply this: If we present an order to you today, will you sign it reflecting—



THE COURT: If I think the order is consonant with the Court's determination, I may sign it. If I do not feel so, I will not sign it.

MISS SEARS: I am interested in getting a timely order.

THE COURT: I am interested in getting the timely motion timely determined.

MISS SEARS: Your Honor, I simply want to point out a few things about the equities in this case and I think Your Honor ought to listen to it and ought to listen to it carefully—

THE COURT: I have listened very carefully. I can recite to you each and every time you have been in this Court, the other lawyers who appeared before the Court [9] with you. I could cite the statements at the time they appeared. I could tell you where they were standing, to your left or to my right.

MISS SEARS: Yes, Your Honor.

THE COURT: There is nothing that I have forgotten. I could tell you the people that were sitting in the courtroom the day you appeared here.

MISS SEARS: With your indulgence, I would like to tell you some things that I have not told you before, if I may.

THE COURT: Why can't we get down to the issues that the Court has spelled out for you.

MISS SEARS: Your Honor, I am trying to do that.

THE COURT: Then get down to them.

MISS SEARS: I'd like to tell you a little bit of background about the equities in this case, which you have not heard before.

THE COURT: If I hear any more background and no facts, we will never get down to the case.

MISS SEARS: Your Honor, we have a situation here where we have a product which is made by my client, Lee Pharmaceuticals, which is being sold under the name

"Genie" which is the product about which the other people have complained.

It is a revolutionary product in the orthodontics [10] field. It has done away with the need for orthodontic bands and I am sure if Your Honor has any relative or has had any experience of your own with orthodontists you know orthodontic bands are the most painful part of the orthodontic process, and they are also the things that frequently cause injury to the teeth that wouldn't otherwise occur.

Now, this product of my client which will hold orthodontic brackets which do the straightening work without any need for orthodontic bands to hold the brackets in place and the product is a great advance in the field for that reason and has really been welcomed most enthusiastically by orthodontists and we expect to be able to prove this properly to you.

I think that is something that should be understood at this point.

Now, these people on the other side have some sort of product which is sold under the name—sometimes "Gold Genie," sometimes "Ceramco Little Genie"—they have suggested a couple of other names on occasions in letters they have written.

I do not know if they have used them or not. There is nothing that we have been able to find out from them so far that indicates that they have ever used the name "Genie" by itself.

[11] They have a product which has nothing to do with orthodontistry. It is a product which at best as I can figure out, isn't even used by dentists. Its purpose is to patch up holes in cracks, in things like crowns and bridges and maybe even old artificial plates. It cannot be applied in a patient's mouth, because it has to be fired at 1600 degrees Fahrenheit to even hold it in place.

Now, 1600 degrees Fahrenheit is pretty hot, Your Honor.

THE COURT: That is for sure.

MISS SEARS: I feel sorry if anyone had that temperature applied to their mouth and so would you.

Now, as best as I understand it—and we are trying to get the facts from the other side, but we haven't been able to get them yet—this product they are talking about is sold to specialized laboratories where dentists send out to have this artificial tooth structure—whatever it may be—whether a crown or bridge or whole plate or whatever—repaired or made or whatever.

We feel very strongly and if anybody has been injured in this case, it's Lee Pharmaceuticals.

Lee Pharmaceuticals is a relatively new corporation. It has been in existence three or four years.

It came about as a result of a decision of a [12] previous company into two parts. Its place of business is in California. It could be properly be used in California. If we were in California, we would never have bothered Your Honor with some of the things that we had to bother you with.

THE COURT: No bother.

MISS SEARS: Being in a remote jurisdiction where we should not be unfairly treated, et cetera, we are not afraid to meet this case on its merits.

THE COURT: I did not say that. I said "Let us get down to the issues."

No one should be afraid to meet any issues. There are facts on both sides that have merit in any case.

MISS SEARS: That may be.

Sometimes there are less on one side than the other.

THE COURT: That is what makes winners and what makes losers.

MISS SEARS: In any case, Your Honor, we feel that we have been greatly prejudiced in this case by the way it has been instituted, by the way Lee has been dragged into this jurisdiction which is remote from its place of business, to answer—on the spur of the moment—a lot

of charges that we think should not have been made to begin with.

[13] Now, the record contains—and it has been brought to Your Honor's attention before, a letter which was written to Lee Pharmaceuticals on January 16th by a Mr. Ryan of Johnson and Johnson. I would like to say parenthetically that one of the great mysteries in this case to me is what the relationship between Johnson and Johnson and Ceramco is. There is no indication that Ceramco is a subsidiary of Johnson and Johnson.

I have the latest Rule Ten case statement from the Securities Exchange Commission filed by Johnson and Johnson. It does not identify Ceramco in it. This Court has need to wonder very much whether Ceramco has actually been absorbed into Johnson and Johnson as an unincorporated partner, if it has, we do not have the real party and interest suing us in this court and we are greatly prejudiced by that alone.

On the other hand, I suppose there is the possibility that Johnson and Johnson acquired Ceramco after December 31, 1973—somewhere in those 17 days—before Mr. Ryan wrote the letter to Dr. Lee about "Gold Genie", et cetera. We don't know—we just don't know.

Subsequent to the receipt of this letter, Dr. Lee contacted Mr. Owens and myself. We have represented Dr. Lee in this country and others for many years. Mr. Ryan's relationship with Dr. Lee goes back about twenty [14] years. My own goes back about fifteen and the two of us are the counsel to whom Dr. Lee looks when some litigation situation or potential litigation situation arises.

So the letter was referred to me and I asked Dr. Lee at the time—I said, "Have you ever heard of these products that they mention in this letter?"

He said, "No."

We had already checked as to the Federal registration, rechecked, and we could find nothing.

We wrote a letter—I wrote a letter personally, which also is a matter of record, to Mr. Ryan and said, "It



sounds to us as if this is something that we ought to be able to resolve amicably, but please give us some information which will enable us to judge what the situation is, how we should advise our client and what sort of a negotiation we ought to have."

My letter was never answered.

Instead, a whole lot of time passed—in the order of ten weeks—which I say right on its face, Your Honor, negates all this great outcry of irreparable harm that people are suffering.

It seems to me if they were so interested in the whole thing, they should have:

1. answered the letter, and
2. if they were going to sue, they should have [15] sued in California where they knew we could have a straight forward proceeding—

THE COURT: Just in answer to that one.

Assuming they sued in California, wouldn't it be just as much of an inconvenience to them—a greater inconvenience to them to bring their witnesses from New York to California, as it would be for you to bring your witnesses from California to New York?

Is not the right of the plaintiff to seek its own forum, provided it is the right forum jurisdictionally?

MISS SEARS: I don't negate the right, but let me tell you two things—

THE COURT: I said, "jurisdictionally."

A plaintiff has a right to institute its suit in a forum where it may get jurisdiction and if that is where the witnesses are it has that right to institute the lawsuit there.

Why should the plaintiff decide to go out to California and inconvenience itself in California when it can institute its suit in the Eastern District of New York, just because you say that the case could be more readily tried in California?

MISS SEARS: Let me tell you two more facts—

THE COURT: I hope you do not mind if I answer you. It is one of my bad habits. I place on the record the [16] Court's thinking.

MISS SEARS: Certainly, it is your prerogative.

THE COURT: When they read the record, they will know that Judge Constantino sat and listened and also responded.

MISS SEARS: Let me tell you two more facts why California is the proper forum.

THE COURT: I may have an answer to that also.

MISS SEARS: They have pleaded that they derived these names "Gold Genie" and "Ceramco Little Genie" through a contractual relationship with two California corporations, which are in the central district of California. One is Wilkinson Company and the other is Cover Laboratories.

The pleadings state, Your Honor, that these names were conveyed over to this named plaintiff, Ceramco, sometime in April of 1973 which is only about one year ago—that the great bulk of the rights they are relying on for priority go back over many years with these California companies. There are witnesses out there and rather important ones.

Now, this gets into the matter of why—

THE COURT: Important to the defendant?

It would become incumbent upon the defendant to bring them to New York.

[17] MISS SEARS: These are important to the plaintiff.

THE COURT: Then the plaintiff will certainly bring the witnesses in from California. That does not mean they must start it in California. If they are willing to pay the fare for the gentlemen to come to New York, they have that right.

MISS SEARS: I am only trying to tell you why it is a curious thing—why they insist on dragging us into a remote jurisdiction—

THE COURT: From what you tell me it is their claim that the violation was committed in the State of New York, in the County of Brooklyn, not in California.

I saw nothing come forward that no one had anything to do with these products here in Kings County. Of course if that were so you would have been the winner.

MISS SEARS: Your Honor—

THE COURT: You would have been entitled to a judgment.

MISS SEARS: —most respectfully I think they have not shown that there are any activities by Lee that injured them in the Eastern District in New York.

THE COURT: If I did not have two sides to a story or one side that disagreed with the Court's opinions—although there may have been a unanimous affirmance by the Court—the lawyer that loses always disagrees. [18] They always come in with a “however”. He always has in his own mind that doubt that he is still right.

MISS SEARS: I want to get back to another thing, if I may?

The other thing which furthermore makes this very mysterious to us—that they have insisted on dragging us out to this court and it's inconvenient for Lee—if this whole mystery of this relationship between Ceramco and Johnson and Johnson, if Ceramco is part of Johnson and Johnson.

Johnson and Johnson has got a major office in Los Angeles and it is just as easy for them to litigate in Los Angeles as it is here, or perhaps some other place.

In any case, I think that there is a very strange pattern here.

THE COURT: I have not the slightest idea where the principal offices of Johnson and Johnson are.

MISS SEARS: I think they have a major one in New Jersey, but they do have one in Los Angeles.

THE COURT: New Jersey is closer to New York than California.

MISS SEARS: They do have a major headquarters in Los Angeles. They are one of those national and perhaps multi-national corporations with many different offices.

Now suddenly in the middle of April with great [19] urgency and fanfare and so on, Ceramco comes into this Court claiming that it has been terribly hurt. This is notwithstanding that they have refused to supply any facts upon which we could have tried to work this out. They refused utterly to do anything that would have perhaps gone toward mitigating their damages—if there were any damages—in the whole period between the middle of January and the middle of April.

After acting this way, it is we who are supposed to be all kinds of terrible people because we are not all upset about their alleged damage.

Now, I say to you again, Your Honor, Lee is more damaged by their lawsuit than they are by any of this, because these products—and we expect to be able to show it—aren't alike. They aren't sold in the same trade channels, they aren't even using the same name for their product as we are. The whole thing is a great imposition upon us.

THE COURT: Because this is exactly the point that has been bothering the Court.

If you felt that this action was an imposition upon you—a sham, a frivolous situation, then I think you as the defendant ought to have said, “Your Honor, we are ready to try this case this afternoon—immediately—[20] have our hearing on it, and if we violated no rights Your



Honor will grant judgment dismissing the case without procrastinating or trying to do other things."

Now, that has not happened in this case. What has happened is that you wanted time to do this and that and I have given it to you.

MISS SEARS: We are not procrastinating.

THE COURT: I use the word very, very advisedly.

If you were really sure of your position, you would have come into this courtroom and said, "We are ready to try this case right now. We know we have not infringed on anyone. We have our witnesses right here at this moment. We will put in an oral answer at this time."

MISS SEARS: Your Honor, I respectfully disagree with that—

THE COURT: You can.

I am only taking up your argument of how badly you have been treated by this sham and frivolous proceeding of the plaintiff.

The Court has no knowledge of it being a sham or frivolous, until it hears testimony from the witness stand. Then if it finds so, the Court will say that the proceedings should not have been brought because there was no infringement or violation.

Do you agree with that? You cannot disagree with [20a] that.

Any other way the Court can do it?

[21] MISS SEARS: Your Honor, I think that we have a full right to get all the facts first. I agree that you are entitled to have the trial—

THE COURT: I would not accept your facts as the facts in the case, nor would I accept the plaintiff's as the facts in the case. I will accept the facts from the testimony of witnesses who raise their hands and advise the Court as to what they say the testimony is, and as to what they say the truth of the matter is as to whether they say there has been infringement, or whether your witnesses raise their hands and say there has been no

infringement. Not from you. I will accept you as one who argues as an advocate.

MISS SEARS: Your Honor, I am not asking you to take the facts from me. I never would.

THE COURT: I recognize you as an advocate and an advocate only and not as establishment of the proceeding for your benefit.

MISS SEARS: Your Honor, I wouldn't ask you to take me as testimony as to the facts.

THE COURT: It sounds like that.

MISS SEARS: I'm trying to lay the background and tell you why I have to have the facts that are exclusively in the control of these people in order to [22] be able to deal properly with this case.

THE COURT: Don't you think the forum is from the witness stand then if you have that feeling? Did you proceed with any of the depositions that you wanted? Did you prepare them or complete them?

MISS SEARS: Your Honor, we have document request. We have filed interrogatories. We have asked them to identify the people so we can take the proper depositions. We are trying to get ready.

THE COURT: You applied for them in one day. Didn't you apply for six or seven in one day?

MISS SEARS: Your Honor, that whole thing has been completely misunderstood. And I want to say something to you about that. It has been misrepresented.

THE COURT: Am I right or wrong? Am I right on that? Were there six depositions to be taken in one day, or three, I am sorry.

MISS SEARS: Your Honor, what was requested was for them to bring people in here to be present and to be examined on the hearing held before your Honor on May 9th. And they knew that because it had been said to them in a letter. Now the form was used which said a deposition on it. They have made a big thing out of the technicality of the form even though they knew exactly

why the witnesses were asked for, and that the [23] purpose was for them to sit in that chair before your Honor to be examined on Rule 12 (b) issues. Now, we did not at that time ask to take the witnesses' testimony on the merits of the case because we weren't ready. We didn't have their documents. We didn't have their interrogatory answers. And we had not sought to take the witnesses' testimony on the merits because we still don't have their documents or their interrogatory answers. So our discovery is pending. And we are looking for them to give the documents and the interrogatory answers. Now I hope that clarifies it for you.

THE COURT: It clarifies it. It takes time.

MISS SEARS: OK.

Now, your Honor, the situation here, and I just want to be clearly understood on it, is that we need a lot of information from them before we can be ready to meet the merits of this thing, whether it is a preliminary injunction hearing or otherwise. Now once we have this information we are ready. We are ready to go ahead on everything.

THE COURT: Do you have a timetable for that?

MISS SEARS: Yes we do as a matter of fact.

THE COURT: What is your timetable? May I hear the timetable?

[24] MISS SEARS: Well, the second set of our document requests and interrogatories are returnable on June 20 under the Federal rules. We have also noticed depositions of the Culver and Wilkinson people in California with appended document requests under the rule so we have the whole thing at once for the week of June 17. And we were required under the rule to give them 30 days on account of the documents. We understand as soon as we get their interrogatory answers to advise them of the people that we want and to go ahead on the whole thing subject only to whatever the Court of Appeals might do about the other matter, which I brought up this

morning, which I do not intend to importune your Honor with, but we must recognize that the Court of Appeals could grant a stay. And if it does we will take advantage of it. I do not want to mislead you on that.

THE COURT: I am never misled. When I sit here I sit here with no trepidations whatsoever.

MISS SEARS: Well, I just wanted the Court to know exactly what my position was.

THE COURT: Well, if you didn't take an appeal from something that you had a right to take an appeal from then you wouldn't be doing your job.

MISS SEARS: Exactly.

[25] THE COURT: That is right. There is no question about that point.

MISS SEARS: So that is the timetable, your Honor. And I have a paper before the Court in which it is clearly pointed out that if we have the Court's help in getting all the things we are entitled to, assuming they do not give us everything at first, and if we have some reasonable co-operation, then we should be finished in early July and ought to be able to go ahead and have a proper hearing on everything.

THE COURT: Can I hear what they have to say now?

MISS SEARS: Yes, your Honor. I may have something further to say after they have talked because I do have a couple of other points.

I do want to bring one other point to your Honor's attention before they get up. It is this.

Your Honor, when we were here on May 9th, you indicated that if you denied the 12(b) motions, on which as far as I know you still haven't ruled, that you would then want to have a hearing on the preliminary injunction motion. And you set down June 6. At that time the reason why you set down June 6 is because my partner, Mr. Irons, told you that he was supposed to go to Europe the last two weeks in [26]



May. Actually, he should have told you, because it was the fact, that he and I were supposed to go there on business in that period of time. But in any case, and this is not important except in this sense, that subsequent to that hearing we received an informal request from the other side to agree to put that hearing off for at least a week, and preferably two weeks, because they had a new lawyer coming in to the case and he wanted to get familiar with it. In the meantime—

THE COURT: They are shaking their heads. You can't see them, but I can.

MISS SEARS: Well, your Honor, they can shake their heads "No"—

THE COURT: As a negative of that statement.

MISS SEARS: —Mr. Spellman received the request. He is sitting over there and if your Honor wants to talk to him about it, why feel free. That is what he reported to me. And I believe him implicitly. We indicated that we would like to accomodate them. In the meantime we received an order—

THE COURT: Would you like to put it over from June 6 to the 13th or the 20th?

MISS SEARS: On the 20th.

THE COURT: Or the 27th. Whenever possible.

[27] MISS SEARS: Well, they said a week and preferably two weeks.

THE COURT: Or even September 10 would be a good date, you know.

MISS SEARS: No, your Honor, I do not think it is a fair statement at all.

They did say a week or two weeks. Now, two weeks is June 20th from June 6th.

Now, in any case, in the meantime we received an order from the District Court for the Southern District of Florida where some multi-district litigation is pending in which there are many, many parties and cases and we represent a major party, setting the pretrial hearing

for May 31 which we had previously informally been told would be in the first week of June, which is why we had asked for our European trip when we did, and to get it out of the way. When we saw that, and having due regard to their request for an extension, we re-scheduled our European trip. We have clients that are expecting to see us on specific dates including June 6 at this point—

THE COURT: Let me find out if there is an objection—if there is an objection to putting it over to the 20th.

MISS SEARS: Subsequently, your Honor, they came [28] back and said they changed their minds and they did not want this time anymore. So we are really in a bind because we changed our position because of their request. I think you should know this part before you hear from them.

THE COURT: I will find out. All right. I will hear from them.

[29] MR. OWENS: My name is William W. Owens.

Your Honor, Mr. Duganns (phonetic) who had charge of this case has had to be in Missouri on the trial date, which is the 6th. So I have taken over. It is not so difficult that some member of the firm can't take over.

As far as this extension of time, I have Mr. Paul here who can tell you the story.

This European trip was threatened by Mr. Irons in early May when he heard that the case was going to be tried on the 6th of June for a preliminary injunction. He then made his arrangements to be out of town at that time. Mr. Duganns had a conference with Mr. Spellman of their firm in our office in which Mr. Duganns said he had to be in Missouri on the 6th of June and would like to put it over for a week. Mr. Spellman here said, "No, we want more time than that. We want to put it over."

Mr. Duganns said, "We won't put it over at all."

I am ready to try it. We are not asking for adjournments.

MISS SEARS: Your Honor, may I simply ask this gentleman to speak up because I am having a great deal of trouble hearing him.

MR. OWENS: Insofar as their inability to [30] prepare for this is concerned, I call your Honor's attention to the fact that there is a second affidavit in this folder which has to do with their request for an extension of time. You will find attached to that that there are three witnesses that they wanted to examine, they told us, one was Mr. Ryan of Procter and Gamble, and two officers of Ceramco. That we told them that these witnesses were available at any time this week in New York City to give their depositions. In writing we told them. And they ignored it.

THE COURT: Is that so?

MR. OWENS: You will find in this affidavit.

MISS SEARS: Your Honor, we received a letter in Mr. Spellman's office in White Plains on Tuesday morning of this week saying that we just want to tell you that these witnesses are available to give depositions this week—

THE COURT: I think that is more than most lawyers do, you know, if they tell you they are available for deposition. They are not hiding anything. They are saying they are available.

MISS SEARS: Your Honor, we don't have the document to examine them with.

THE COURT: Maybe they will bring the documents with them.

[31] MISS SEARS: If they really wanted us to do it this week, they should have told us ten days ago so we could have prepared. This is very very—it is contrary to every experience I have ever had in my life.

THE COURT: No, I won't say it. I will just bite my tongue. Go ahead.

MR. OWENS: You will also find in this affidavit that Mr. Paul says that we gave them many of the documents that they requested before this week. And you will also find a letter in which we told them that the rest of the documents, which are voluminous, could be examined at our office at anytime this week. They ignored that letter too.

MISS SEARS: We did not ignore that letter. We indicated to him that we would examine the documents either this afternoon or tomorrow.

THE COURT: Are you open tomorrow?

MR. OWENS: Good. We are open tomorrow.

THE COURT: They are open tomorrow.

MISS SEARS: We received the letter indicating that and we simply said we couldn't do it yesterday because we were preparing for this hearing and we didn't get notice until the day before.

THE COURT: That issue is taken care of. We [32] don't need anything else on that.

MR. OWENS: There is only one other thing I want to say.

THE COURT: Let's hear it.

MR. OWENS: Mr. Ryan, who is an officer of Johnson & Johnson, if they want to examine him, he is right here today.

THE COURT: Is he sitting in the Courtroom?

MR. OWENS: He is sitting right here in Court, yes. And if they wish to examine him after your Honor—I don't think your Honor wants to sit through the examination.

THE COURT: I won't sit through the examination. I will let you do it. I don't sit through any examination.

MISS SEARS: Your Honor, again I say I have to have the documents. I asked for the interrogatory answers. I have got a lot of documents requested on which the whole thing is not returnable until June 20.



THE COURT: I don't understand one thing. I can't understand one thing and I want you just to enlighten me because it may very well be that I may have a blockage somewhere along the line. If they have offered all the things and they also bring in Mr. Ryan for you to examine, you stood there for at least— [33] and I looked at the time—from 20 minutes to 11 to about 10 after 11 we will say, and you told me they weren't giving you any co-operation whatsoever. They were doing nothing. And now I find out they were willing to give you the items you asked for. And they have Mr. Ryan here. They were willing to give you an adjournment, and then something came up which caused them to withdraw the request for the adjournment.

MR. SPELLMAN: Your Honor—

THE COURT: You have been sitting quiet. Maybe I ought to hear you.

Well apparently she doesn't want you to talk. She does very well with me. She doesn't want you to talk.

MISS SEARS: Your Honor, the thing I want to say to you and I think you are overlooking—

THE COURT: I am overlooking nothing. You can believe it. I am overlooking nothing.

MISS SEARS: Counsel has a right to prepare for the depositions.

THE COURT: Remember I said that the very first thing.

MISS SEARS: To examine documents before they take them. Now the only documents that they have available at this time are some documents that we [34] requested—the only documents they have available now, and your Honor better understand this clearly, are some documents—

THE COURT: If I don't, you can send me a letter on it so I will understand it. I will read it and I will digest it. And I will do everything necessary with it if I don't understand it.

MISS SEARS: We filed our first document request on May 7th. It went to matters of 12(b) issues. These are the only documents that he has ready to show us this week. The rest of the documents we need on the merits were requested in a paper which was filed on May 20th in order to be sure that we were not viewed as being dilatory here. Those papers he has not offered to me. Now he is trying to stampede me into taking Mr. Ryan's deposition without the documents—

THE COURT: I do not think anyone can stampede you into anything, not in my honest opinion.

MISS SEARS: So that after we have been through some sort of session without the relevant papers when he will say well, you have taken Mr. Ryan's deposition so you can't have him back. I want all of the papers that have been called for—

THE COURT: Would you do that?

MR. OWENS: No.

[35] THE COURT: I don't think he would do that. I wouldn't do it.

MR. OWENS: I wouldn't do it.

THE COURT: I don't think he would do that.

MISS SEARS: Well, your Honor, I have seen these things happen in litigation before.

THE COURT: Is there any lawyer that you do trust outside of the lawyers in your own law firm? Is there any? There must be some that you trust along the line.

I have found I would say that all of the lawyers who come before me who make a statement before me I trust implicitly and take their word for it. I have never had to question a lawyer in all the time I have sat on the bench which is 19 years, 14 and a half of which were in the State Supreme Court, and I have had, believe me, the best in the business as they say, and that is from the top to the bottom. I have never had to question one lawyer's statement to the Court or ever had to question a lawyer's statement to another lawyer. So there is no

reason why I should have to question Mr. Owens' that he would not do exactly as he says he would do right here on this record. Nor do I question you that you will not do exactly as you say you will do here on this record.

[36] Now go on with your argument.

MR. OWENS: Your Honor, the day before yesterday, Miss Sears called. I spoke to her for the first time because she didn't know until I spoke to her that I was taking charge of the case. And it is rather interesting that she started off by saying that she thought that the attorneys and their clients should have a conference together because they might be able to settle things and it wouldn't be necessary to try out the lawsuit. I replied that I didn't see that that would serve any purpose unless they were prepared to agree not to use the trademark anymore. And she said, no, she wouldn't agree to that, and then she said if we have that conference we should have an extension of time on the application for a preliminary injunction, and we would like an extension anyway.

So I sent that word along and my client said we will grant that conference.

I called Miss Sears back and said we are ready. We will have Mr. Ryan and the two other officers in Ceramco available any time this week you want for the conference.

She called me back and said that I talked to Mr. Lee or Dr. Lee and she said he says you can see him on Thursday, that is the morning, in Los Angeles.

[37] They did not want any conference. They wanted delay.

I said that I thought you had asked for the conference. We are not asking for it.

THE COURT: You shouldn't use those words because it may influence the Court.

MR. OWENS: I said I thought you asked for the conference. And I said you can forget the whole thing.

MISS SEARS: Your Honor, that is a very distorted story.

THE COURT: I could have just about tried the whole case with all the arguments that we are having with these preliminary matters.

MISS SEARS: Your Honor, that is an exceedingly distorted story. My request—

THE COURT: He spoke for only several minutes and his story is completely distorted. How about yours?

MISS SEARS: My request for a settlement conference made at the request of my client had nothing to do—nothing at all to do with the request that we work out the matter of when the preliminary injunction hearing should be had. They were two separate things. And to the extent that Mr. Owens is trying to say that I conditioned one upon the other, I did not, and I never [38] intended to.

Now I have written Mr. Owens another letter subsequent to that and I told him we still feel it is a case that should be settled. We are available to him for settlement now—

THE COURT: Those are the best words you used this morning in all your argument.

[39] MISS SEARS: We are ready to have a settlement conference at some reasonable time and place, and if his client will select one that my client can meet, we will accommodate him.

THE COURT: You set a date. When is that? You set a date.

MISS SEARS: Your Honor, my client will meet anything that is reasonable notice, and that would mean giving a few days, not tomorrow in New York.

THE COURT: There have been written many decisions and opinions as to the word "reasonable". I do



not intend to determine what you mean by "reasonable". That is why I ask you to set a date.

MISS SEARS: Your Honor, subject to asking Dr. Lee about his other meeting, any day next week.

MR. OWENS: If they want us to meet him we will have one. Sir, we don't want to meet him. They requested it.

THE COURT: I don't care who wants the meeting.

MR. OWENS: We are personally willing to have a meeting.

THE COURT: There is no harm in talking. Both sides better have stenographers to make sure each one checks each other.

MR. OWENS: No. We are afraid somebody would [40] subpoena the tapes.

THE COURT: I have never seen a case like this in the Federal Court. You know, perhaps maybe in the Municipal Court, somewhere along the line, or Night Court, something like that, but not in the Federal Court.

MR. OWENS: We will talk to them in New York or if they prefer in New Brunswick, New Jersey. But it is not to be an excuse for an extension of time.

THE COURT: I will set a date for you because if you don't—I will have a conference between the parties and see whether there can be an amicable determination. Are you willing?

MISS SEARS: Yes, Your Honor.

THE COURT: How about Wednesday at two o'clock?

MISS SEARS: Your Honor, if Dr. Lee doesn't have something else on that date—

THE COURT: Dr. Lee is subject to the Court too, whoever he may be.

MISS SEARS: I will tell you what I can do, Your Honor, if you want I will go out and call him and see if he can make it.

THE COURT: Why don't you do that.

MISS SEARS: And I will see whether he can make such time available for the meeting. And I will report back to you.

[41] THE COURT: See whether he is acceptable to the meeting. Why don't you do that. Whereabouts?

MR. OWENS: In our office? You have no office in New York City.

MISS SEARS: We have an office in White Plains. But I do not want to stand on ceremony as to that. I want assurance from Mr. Owens that there will be no subpoenas attempted to be served while he is here or anything like that.

MR. OWENS: No subpoenas.

THE COURT: Ordinarily this is one case I think that the Court should state that he has to be devoid of these matters entirely. I just wanted to hear arguments from the bench and that is all.

MR. OWENS: Wednesday the 5th at two o'clock? That is satisfactory to me.

THE COURT: Make your call. If you have any difficulty on some aspect of the case that you think the Court can be of some assistance on I suggest you call the Court and try to make an appointment for the Court for sometime during the week or the next day. I will sit down with all parties and see whether or not we can conclude the matter.

MISS SEARS: All right, Your Honor, I will call Dr. Lee and if there is a problem at that time I will ask [42] him to suggest another one and perhaps we can work one out.

THE COURT: I will hold all motions in abeyance until next Wednesday.

MR. OWENS: I am sure if Dr. Lee suggests another—

THE COURT: Well, talk about it. You may very well come to a conclusion.

MISS SEARS: All right, Your Honor.

May I say one other thing, I have one problem. Now, I can have someone present at a settlement conference. I wouldn't have to be there. But I do have a problem of other clients who are expecting Mr. Irons and myself in Europe next week.

Now let me propose something to you and see if you are amenable to it. We would be willing, Your Honor, just to dispell some of all this—

THE COURT: If you want me to go to Europe I am ready.

MISS SEARS: —to cut through some of these difficulties, Your Honor, we would be willing to put up a bond in whatever amount Your Honor might determine against these damages that they say they are incurring, subject only to the understanding that if we win the case in the end they would pay the interest on the bond. It would be part of the costs.

[43] THE COURT: Who would determine the amount of the bond?

MISS SEARS: You, Your Honor. You may determine it and we will do whatever you say in that regard. We would be willing to do this in order to have this hearing put over until a reasonable time when Mr. Irons and I can finish all discovery procedure.

THE COURT: Does that mean that there would be no meeting next week?

MISS SEARS: No, we would go ahead with the meeting.

THE COURT: Go ahead with the meeting.

MISS SEARS: We will go ahead with the meeting and I will have someone else there with Dr. Lee. I don't have to be present at the settlement meeting. I would have another lawyer.

MR. OWENS: I want it understood that no matter what comes up at the meeting there will be no adjournment that we grant voluntarily to the hearing on the preliminary injunction which is scheduled for the 6th.

Now, the Court might decide to grant one. That is up to the Court. But we will never consent to any adjournment. I want to make it quite plain. We do not want their bond. It is illusory. How do you prove damages in a case like this? What we want is an injunction to stop them from selling that product under the [44] Genie name.

THE COURT: Well, let's not worry about that at this point. My first concern is that you have this meeting. Speak to each other open and above board and actually try to come to some amicable solution because I do not think that the determination by the Court is going to help either side, although the Court will make a determination. There is no problem in that.

MR. OWENS: Your Honor—

THE COURT: Excuse me.

MISS SEARS: Your Honor, my problem is—

THE COURT: Excuse me.

MR. OWENS: I just want it understood that the case is scheduled for hearing on a preliminary injunction for the 6th. As yet the fact of this conference is not to be deemed to be a delay—

THE COURT: Is not to be deemed a waiver of the matter. Now, I can advise you of this, that if this case I have on trial for three weeks continues, of course your hearing will not take place. I can tell you that.

MR. OWENS: It would not take place.

THE COURT: It would not take place.

MR. OWENS: On the 6th.

THE COURT: That is on the 6th, because this happens to be a criminal case and it has been on three weeks and [45] I must dispose of it as best I can. If it is then your hearing will take place unless there are other circumstances that can be involved.

MISS SEARS: Your Honor, let me address myself to this, please, for a minute. I do not consider that this settlement meeting is anything one way or another—



THE COURT: I don't either.

MISS SEARS: On the question of adjournment. I think it is something we ought to have. But I do not think it has anything at all to do with the question of adjournment. However, I would tell you quite candidly that the question of an adjournment is crucial to me because Mr. Irons and I have plans with other clients and we have to deal with this today or tomorrow one way or another. And so I need to know whether we can work out some way to extend this over.

THE COURT: There is only one problem with continued adjournments. The party who gets the adjournment feels no real emergency in order to perform or come to a conclusion, or a settlement. That is the big problem with adjournments. If I continue to give you an adjournment as a defendant in this case you have lost nothing. There is no temporary restraining order here. If you will consent to a temporary restraining order I will give you an adjournment as long as you want.

[46] MISS SEARS: Well, that is why I suggested that we would be willing to put up a bond.

THE COURT: You can't take advantage of the plaintiff. And the bond is not the answer. They are not concerned about damages because like everything else it is very difficult to prove damages. What they are concerned about at first is the irreparable harm that may lead to damages. That is what they are concerned about.

[47] MISS SEARS: Your Honor, they have pleaded all kinds of figures in their complaint.

THE COURT: Proving them is another thing.

MISS SEARS: Yes, but I suggest to Your Honor that they have pleaded that they only sold about \$75,000 of this stuff in eight years.

THE COURT: Would you want to put up \$75,000 in cash? Maybe they would go along with any adjournment.

MISS SEARS: We are willing to put up a bond in that amount if Your Honor so wishes. We are quite willing to do that.

THE COURT: If they want to take that amount.

MR. OWENS: I do not see how it could prove damages in this case, Your Honor. It is whether people in the industry seeing the name "Genie" on their product confuse it with our product and the cases hold that it makes no difference whether their product is better or worse than our product. If there is any confusion, the first user of the name is entitled to an injunction.

Now, this name was used in California for five years. Their application for a trademark says they first began to use it in 1973. Ours began in 1968. That is where they got it from.

It makes no difference whether they got the idea from us or whether they just picked it out of the air.

[48] If there is a confusion in anyone's mind and the Court will decide whether there is a possibility of confusion, the injunction will be granted. That's all that is involved here.

MISS SEARS: We have proof that we did not get the name from these people. We can also prove, and I will prove that these products are not sold in the same trade channels.

THE COURT: Does the name Genie have any connotation whatsoever with the product? Does it have anything to do with it or is it just a name?

MISS SEARS: It is just a fanciful name.

THE COURT: It would be something like in the case of a perfume, one company uses the name "Germain" and another one has the name "John Germain." Those have been restricted.

MISS SEARS: When they are both perfumes, yes.

THE COURT: I want to know if there is anything peculiar and particular about the name "Genie"? Does

it have something to do with the composition of the material we are talking about?

MISS SEARS: I think the name that they purport to sell under—"Gold Genie" or "Ceramic Metal Genie"—

THE COURT: The word "Genie" is what I am interested in.

[49] MISS SEARS: Let me say something to Your Honor—

THE COURT: I would suggest that you have this conference among yourselves.

I think the parties to the action itself will probably determine the issues better than the lawyers.

MISS SEARS: I think so too.

THE COURT: Why don't you do that. Next Wednesday at two o'clock sit down and have this conference.

MISS SEARS: Your Honor, two things—

THE COURT: Do not go into collateral issues now. I guarantee you will come up with a solution.

MISS SEARS: I have got to advise my other clients by telex. That is why I suggest the bond as perhaps a practical way to hold—Johnson and Johnson—

THE COURT: If you want a temporary restraining order until June 20th—

MISS SEARS: We don't have control over—

THE COURT: I do not know what the bond is going to do. All you do is sign a piece of paper and put up a bond for \$60,000—

MR. OWENS: It wouldn't be any good to blow your nose in.

MISS SEARS: It is not true, Owens.

MR. OWENS: Your Honor, Johnson and Johnson has had trouble with Dr. Lee for a long time. He tries to [50] ride on other people's trademarks.

MISS SEARS: That is not true.

THE COURT: I do not want to be influenced by Dr. Lee.

That is all. I can't tell you now, because he is not going to accept the bond, and I do not think the Court has the authority to establish a bond in this case. I do not think it is the kind of case for a bond.

MISS SEARS: He has asked for damages—

MR. OWENS: Unless Dr. Lee is prepared to agree to a court order enjoining him from using the name "Genie" in any sense, at any time, the conference next Tuesday is not worth while. It will be a waste of time.

THE COURT: Then I will tell you what I am going to do:

He may be right. I do not know. I am going to be here so it makes no difference.

How long will you be in Europe?

MISS SEARS: Two weeks only.

MR. OWENS: They will be back at the end of two weeks, if you give them two weeks.

THE COURT: I will give them until June 20th when everything will be heard and the motions will be decided then.

[51] MISS SEARS: When you say "everything" would you please tell me just exactly what you mean, so I understand the situation.

THE COURT: The injunction will be heard on June 20th.

MR. OWENS: I say again—

THE COURT: He will have Mr. Ryan and the other two people available then.

MISS SEARS: As I understand it—

THE COURT: June 20th will be a hearing for a temporary injunction. There is nothing else to be heard.

The Court finds that there is both venue and jurisdiction in this court, after lengthy argument by the attorneys.

The motion to disqualify is denied, because the Court finds this was not the forum for that. There are proper forums which the Court has outlined.



The Court is ready to decide the issues before it.

The 12-B motion is denied.

MISS SEARS: Your Honor—

THE COURT: June 20th, no further adjournments. Bring your parties in if you wish to prove your case as to why I should not issue a temporary restraining order.

It may be that the case will be tried in toto then.

THE CLERK: There is a motion to consolidate the [52] preliminary injunction with the trial.

THE COURT: June 20th will be the trial date.

MISS SEARS: May I have some of the requests and interrogatories moved up?

THE COURT: They will agree to move them up.

A trial will be held on June 20th.

MR. OWENS: All right.

THE CLERK: It is agreed to move them up?

MR. PAUL: They served fifty-five interrogatories on us. We are prepared to answer the first set.

MR. OWENS: We will move them up.

MISS SEARS: What date can we expect them?

MR. OWENS: This is Mr. Paul, Your Honor.

MR. PAUL: We have agreed to move them up within a reasonable time.

THE COURT: What is a reasonable time?

MR. PAUL: I am trying to calculate the number of days between now and the 20th.

THE COURT: Actually it is 21 days.

MR. PAUL: We will do the best we can in 7 days, Your Honor.

THE COURT: Move them up within ten days.

MISS SEARS: June 10th, Your Honor, for interrogatories and documents?

THE COURT: You will have everything at your [53] disposal for trial on June 20th.

MR. OWENS: The documents are available for inspection in our office.

THE COURT: If they want to inspect them, they can come to your office.

MISS SEARS: We said we would.

\* \* \* \*

I hereby certify that the foregoing is a true and accurate transcript from my stenographic notes in this proceeding

/s/ Henry R. Shapiro  
Official Court Reporter  
U.S. District Court for the  
Eastern District of N.Y.

**FINAL ORDER****filed June 7, 1974**

The motion of defendant Lee Pharmaceuticals filed April 30, 1974 for an order dismissing the action pursuant to the provisions of Federal Civil Procedure Rule 12(b)(1) through (5), inclusive, on all or any of the grounds for lack of jurisdiction over the subject matter, lack of jurisdiction over the person of the defendant, lack of venue in this court as to Lee Pharmaceuticals, insufficiency of process and insufficiency of service of process, having come before the court for hearing on May 9, 1974, and having been heard, and the court having rendered its oral decision denying said motion on May 30, 1974.

**NOW, THEREFORE, IT IS HEREBY ORDERED:**

That the motion is hereby denied in all respects.

/s/ M. A. Costantino

**NOTICE OF APPEAL****filed June 10, 1974**

Notice is hereby given that LEE PHARMACEUTICALS, defendant named above, hereby appeals to the United States Court of Appeals for the Second Circuit from the Order of the District Court denying in its entirety defendant's motion to dismiss this action under the provisions of Federal Civil Procedure Rule 12(b)(1) through (5), inclusive, on all or any of the grounds of lack of jurisdiction over the subject matter, lack of jurisdiction over the person of the defendant, lack of venue in this Court as to Lee Pharmaceuticals, insufficiency of process and insufficiency of service of process.



## TRANSCRIPT OF JUNE 6, 1974 HEARING

filed June 11, 1974

[3] THE CLERK: Civil motion, Ceramco, et al., versus Lee Pharmaceuticals.

MR. SPELLMAN: Your Honor, before I speak to this motion, which basically is a housekeeping motion, I would like to report that the parties did have a settlement conference yesterday, that is executives of Johnson & Johnson conferred with the plaintiffs, Ceramco and approaches were suggested by both parties, but at this point, I think Mr. Paul will agree with me, there seems to be no reasonable prospect of a settlement.

THE COURT: There was an attempt at it, anyway.

MR. SPELLMAN: Right.

Now this motion today simply, essentially, asks that we be served with a list of the witnesses' names and addresses, as well as identification of the documents that the plaintiff intends to use at the trial, which was set for June 20.

THE COURT: Will you submit those?

MR. PAUL: Your Honor, we have no objection to submitting this list.

Your Honor, I think Mr. Spellman stopped a little bit short of what his proposal is. We would be glad to exchange them contemporaneously with him, but he says he had to have more time than we do, he has to see our list first before we can see his list.

[4] MR. SPELLMAN: I don't have to see his list first, but as your Honor is aware, we have a number of outstanding discovery requests and we have been served with a part of the documents and we are supposed to get more next week.

We have only received answers to the first set of Interrogatories today and the information that we need as far as identification of documents and witnesses is

still in the hands of the plaintiff. We have depositions scheduled on the West Coast for the 17th and 18th in preparation for trial, and the plaintiff's Answer here admits that he does have the information as to the documents and witnesses that could be supplied Monday, and under the circumstances, I see no prejudice to them if they supply it to us and we will supply it as soon as we can, after our discovery is completed, because the time is largely in their hands at this point.

MR. PAUL: If your Honor please, we are preparing this case at the same time that Mr. Spellman is for his client, and any pre-trial orders, as your Honor knows, would reserve and does reserve to us the right to amend on reasonable notice, when other witnesses become necessary in light of our preparation of the case.

[5] Your Honor, the service of a list of witness and documents on Monday, while we would do it, well, we would certainly reserve the right to add on to that on reasonable notice, and I don't see why some date prior to trial cannot be set for the exchange of both parties of those lists.

MR. SPELLMAN: We would not object to a supplemental list, I just point out that they have had the information available and as far as they know, they don't have any outstanding discovery requests at this point so there would not be prejudice in supplying us with a list on Monday.

THE COURT: Why can't you give them your list and they will give you their list, and that is the way we do it.

MR. SPELLMAN: We need the information to develop our list of witnesses and our documents.

We still haven't received all or any significant proportion of the documents that we have requested from them.

MR. PAUL: I would disagree with that, I have looked at the requests and both sets of Interrogatories and I think—

THE COURT: Well, let me say neither one of you will agree whether the full amount has been given or not.

[6] I will make a ruling right now that you are to exchange lists as fast as you can and give the other all the information so that you will be ready on the date set down for trial.

Both sides will submit a list.

MR. SPELLMAN: A concurrent list?

THE COURT: Yes.

That is all.

MR. SPELLMAN: Thank you, your Honor.

MR. PAUL: Thank you, sir.

\* \* \* \* \*

**CLERK'S CERTIFICATE****filed July 17, 1974**

I, LEWIS ORGEL, Clerk of the United States District Court for the Eastern District of New York, do hereby certify that the foregoing copy of the Docket Entries from A to E and the original papers numbered from page 1 to 42, 83-86 and 101 constitute the Record of Appeal.

I further testify that the last day to file said record is 7-22-74.

IN TESTIMONY WHEREOF, I have caused the seal of said Court to be hereunto affixed, at the Borough of Brooklyn in the Eastern District of New York, this 17th day of JULY in the year of our LORD, One Thousand Nine Hundred and Seventy-four and of the Independence of the United States One Hundred and nine.